

IMPORTANCE OF THE BRAND FOR CONSUMER PURCHASING DECISION IN THE SLOVAK REPUBLIC

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Abstract: The paper mainly deals with importance of branding in consumer purchasing decision, with elements and importance of the brand in marketing management of an enterprise, in its corporate strategy which should be a means for obtaining and maintaining the customers. The paper also presents results of the research performed last year at the Department of Economics, Faculty of Operations and Economics of Transport and Communications, University of Žilina, in a sample of more than 800 respondents in Slovakia. Its main function was to determine the proportion of respondents who decided under the brand influence in their purchasing decisions and the researched factors that showed a correlation with decision-making under the influence of the brand.

Keywords: brand, brand management, marketing strategy, purchasing decision

JEL classification: C40, C83, M31.

Introduction

The present trend in the area of brand management in the Slovak Republic may be designated as positive, enterprises are increasingly aware that brand is not only a product designation. It has many more functions. All those functions can be summarised and then we can identify their basic effect and that is *customer influence* by marketing mix.

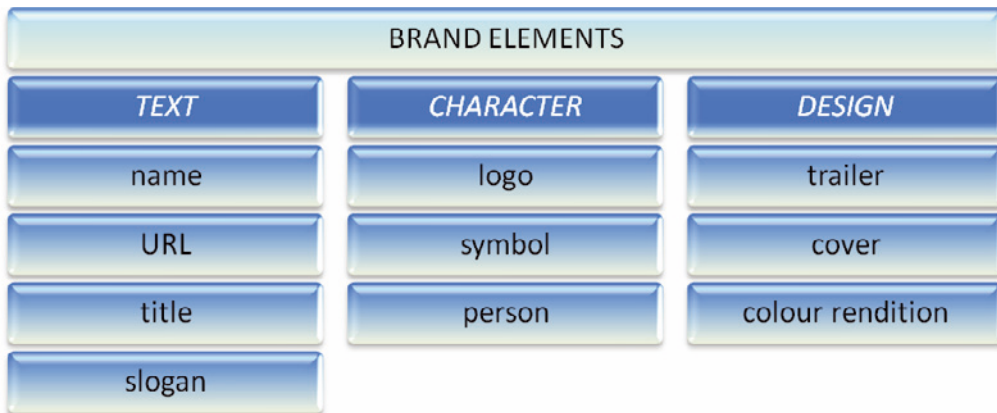
The English word 'brand' comes from an Old Norwegian word BRANDR. It means 'to burn'. At that time, the word 'brand' was actually used to identify animals from a one herd owner (Aaker, 2003).

In the literature (Aaker, 2003; Adamson, 2011; Douglas, 2008; Keller, 2008), there are many definitions. They always associated the brand with the name, with a visual indication or even with a marketing strategy.

We simplify the definition of the *American Marketing Association*, which is very extensive and has specified the brand elements more than general figuration of brand. In the Slovak Republic, the following definition is justified: *The brand is the text, character, design, or a combination of them and serves to identify the products of one or more subjects and to their differentiation in the market competition.*

Thus formulated, the definition summarises the so-called brand elements shown in Figure 1, which are used to identify and differentiate the product and brand. Brand elements may be in the form of *text* as a name, allocation of address on the internet, title, slogan or in the form of *character* as a logo, symbol and person or in the form of *design* as trailer, cover, colour rendition. *They are especially important to extend the product life cycle.*

Figure 1: Brand elements



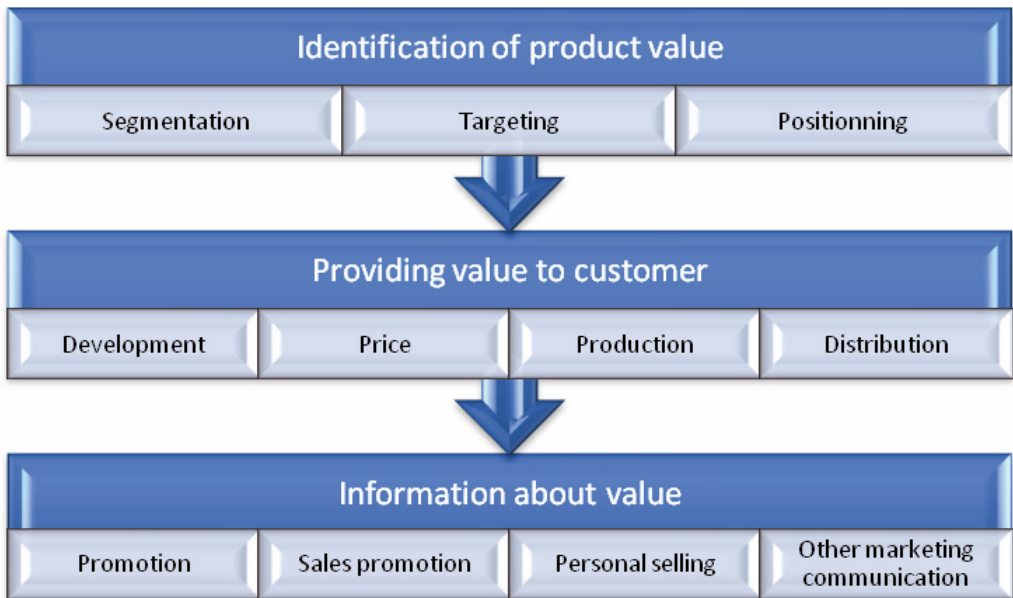
Source: self-processed.

In order to obtain customer by brand, enterprises should not only perceive their activity as production and sales. They should perceive it as providing value to consumers. From this point, enterprises cannot perceive their business activity as simply a process of production, but as a process of:

- *identification of the product value for customers*, which includes segmentation, targeting and positioning,
- *providing customer value* that can be realised by right and well-balanced product, pricing and distribution policy,
- *information for customers about providing value*, which is not possible to carry out without an effective communications policy.

The role of the brand can be registered in all the partial processes. The brand cannot be excluded from strategic brand decisions. These partial processes are shown in Figure 2.

Figure 2: Creation process of customer value



Source: Keller, 2008.

In our article, we are mostly concerned with the process of ‘identification of product value for customer’, the inseparable part of which is also knowledge – research about the ways that the product brand influences purchasing decision-making process of a consumer, hence if a consumer makes decisions as to their purchasing on the basis of the brand.

The identification of product value is a necessary process to create marketing strategy of a company, mainly its product strategy. Without the identification of the competitive elements of a product, which are also perceived as competitive by customers, the company cannot build and create its competitive ability.

Some of the elements of product competitiveness are ‘brand knowledge’ and ‘brand value’.

Brand knowledge is a ratio of brand identification in various conditions. It is possible to measure it in different ways (Keller, 2008):

- Simple identification (Have you seen this brand?) – it reflects the fact that the consumer has known the brand
- Memory (Which brands of the product can you name?) – it reflects that the consumer remembers some brand linked to some product
- Dominance – the first and the only brand the consumer has in their head

Brand value is the product value added. It is an important *intangible asset with an important financial and psychological value for the company itself*. Financial value is reflected in the price of products, in the market share and company profitability. Psychological value is determined by different effect of brand knowledge on consumer reactions in various marketing activities related to the brand (Keller, 2008). The most frequently used model to set the psychological value is the model of brand value from the consumer’s point of

view: *Consumer Based Brand Equity (CBBE)* designed by Kevin Keller (2007) who defines the brand value as follows: *the diverse effect of brand knowledge on consumers' reaction, which is created by consumer to marketing activities related to brand.*

Survey

Brand knowledge and brand value are the factors that affect the customer's decision by product purchasing. Therefore, is necessary to identify how is the company brand or product brand known and preferred by consumers and how this brand impacts purchasing the product.

Last year, a research in a sample of 814 respondents in Slovakia was conducted at the Department of Economics, Faculty of Operations and Economics of Transport and Communications, University of Žilina. Its main function was to determine: How does the product brand impact the consumer? What proportion of respondents decides under the brand influence in purchasing decisions and which of the researched factors shows a correlation with decision-making under the influence of the brand?

The purpose of the research was to identify:

- Potential brand influence on purchasing behaviour,
- Relationship - possible correlation - between the selected statistical variables.

The research was descriptive and the method of personal questioning was employed as a research method. In this method, a questionnaire of 19 questions was used as a tool, see Annex 1. The questions were closed, the variables were ordinal, nominal and dichotomous.

The research was conducted on the basis of two samples: sample 'A' and sample 'B'. Sample 'A' represented the respondents preparing to study, i.e. students. A total of 417 respondents of the sample participated in the research. Sample 'B' represented consumers engaged in business activity or employed. A total of 397 respondents of this sample participated in the research.

The size of the sample was calculated by using an electronic calculator of Creative Research System Company (www.surveysystem.com). The minimum number determined by this method: 384 respondents by population of 5 million state residents, which is the population in Slovakia.

The surveyed correlations mentioned above were as follows:

- the relationship between age and brand influence on purchasing behaviour (age range of respondents was 13-77 years),
- the relationship between gender and brand influence on purchasing behaviour,
- the relationship between attended school, respective education and brand influence on purchasing behaviour,
- the relationship between family income and brand influence on purchasing behaviour,
- the relationship between the character of the domicile and brand influence on purchasing behaviour,
- the relationship between disappointment in quality of the product and brand influence on purchasing behaviour,

- the relationship between psychographic segmentation and brand influence on purchasing behaviour.

Methods

- The research method was questioning, in which a questionnaire was used as a tool
- Statistical methods
- *Pearson's Chi-Square Tests* were used to evaluate the correlation of variables. The so-called 'P-value' was calculated for monitoring individual correlations. It is probable that the test statistics (assuming the veracity of the null hypothesis) will reach at least the extreme value that will equal to the value of the sample. 'P-value' is the lowest value in terms of significance level under which the null hypothesis is rejected (Kirk, Miller, 1986).

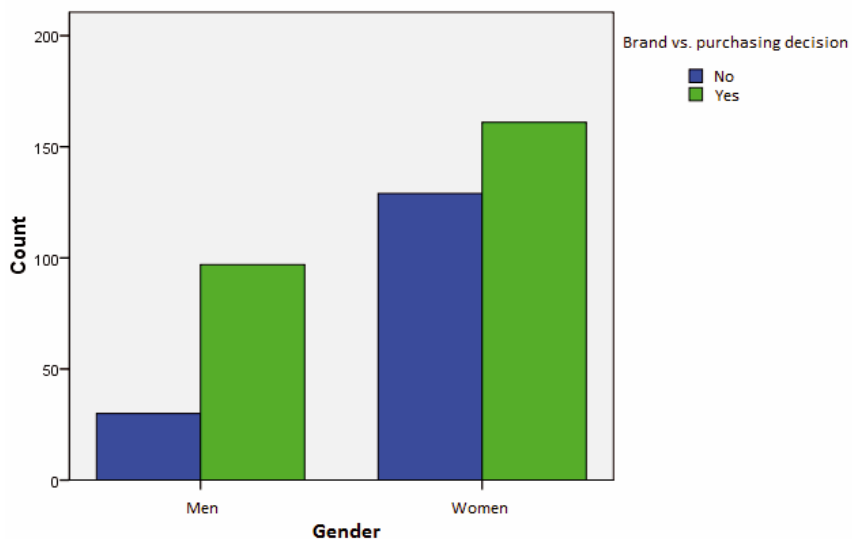
Results

The answers to the questions of a questionnaire, and the respective data obtained from the research are presented in Annex 2.

Based on Pearson's Chi-Square Tests, the following results of correlations in the sample A were found:

- There is no correlation between age and brand influence on purchasing behaviour.
- There is correlation between gender and brand influence on purchasing behaviour (see Figure 3). The result of the correlation: young men are more suggestible by brand. There is no correlation between school and brand influence on purchasing behaviour.

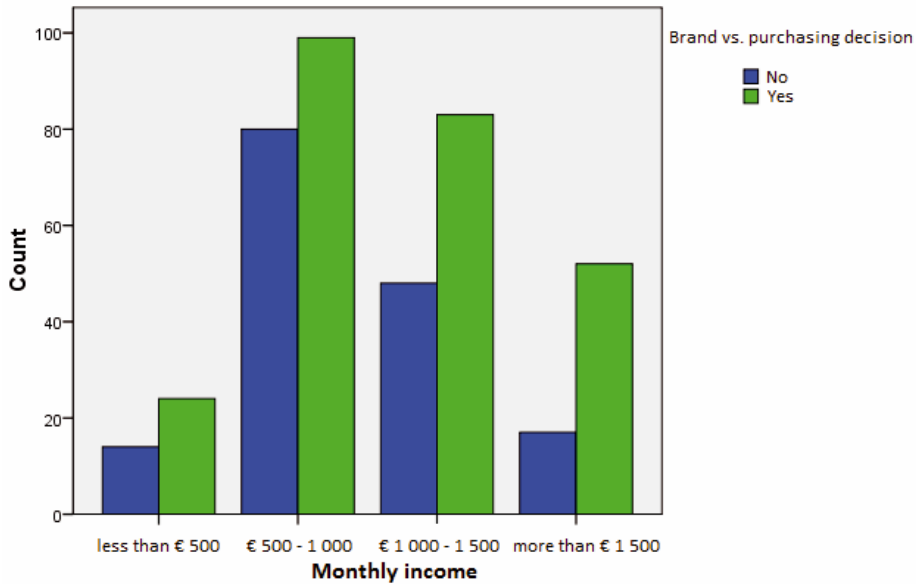
Figure 3: Correlation between gender and brand influence on purchasing behaviour



Source: authors.

- There is no correlation between school and brand influence on purchasing behaviour.
- There is correlation between monthly income and brand influence on purchasing behaviour (see Figure 4). The result of the correlation: families with monthly income in the category of € 500-1 000 make purchasing decisions influenced by the brand.

Figure 4: Correlation between monthly income and brand influence on purchasing behaviour



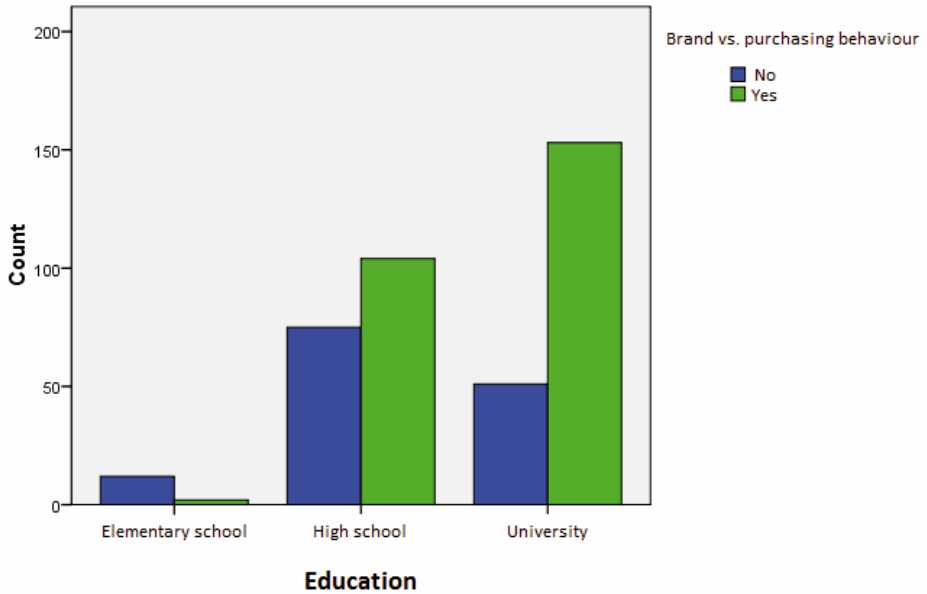
Source: authors.

- There is no correlation between the nature of residence and brand influence on purchasing behaviour.
- There is no correlation between disappointment in the quality of a product or brand and brand influence on purchasing behaviour.

Based on Pearson's Chi-Square Tests, the following results of correlations in the sample B were found:

- There is no correlation between age and brand influence on purchasing behaviour.
- There is no correlation between gender and brand influence on purchasing behaviour.
- There is correlation between education and brand influence on purchasing behaviour (see Figure 5). The result of the correlation: academic people make purchasing decisions influenced by the brand.

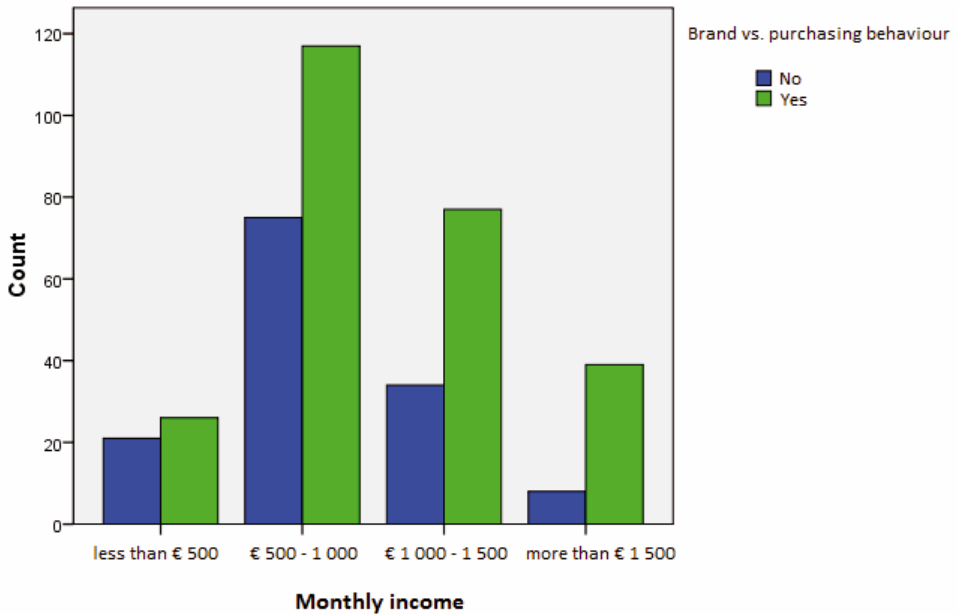
Figure 5: Correlation between education and brand influence on purchasing behaviour



Source: authors.

- There is correlation between income and brand influence on purchasing behaviour (see Figure 6). The result of the correlation: people with monthly income in the category of € 500-1 000 make purchasing decisions influenced by the brand.

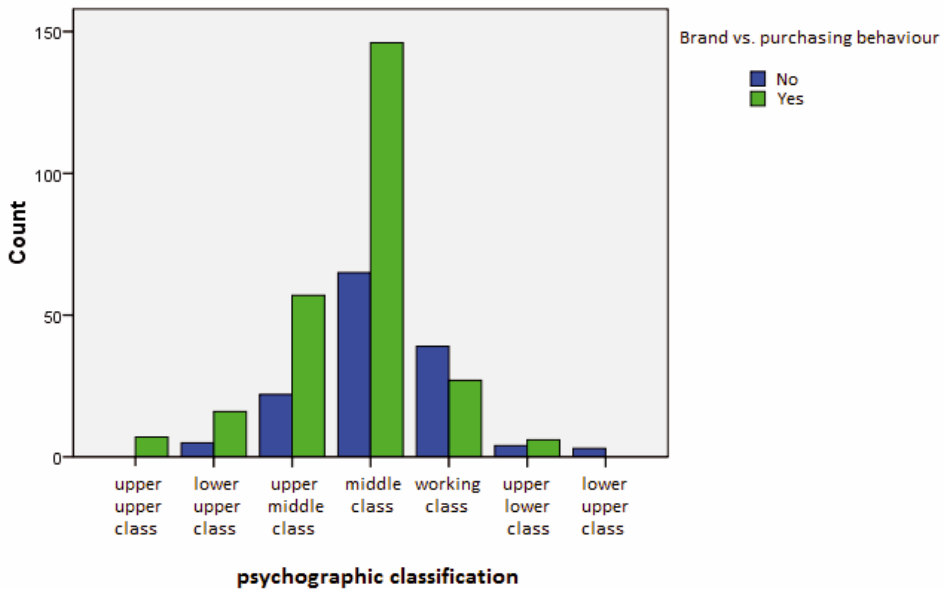
Figure 6: Correlation between monthly income and brand influence on purchasing behaviour



Source: authors.

- There is no correlation between the nature of residence and brand influence on purchasing behaviour.
- There is no correlation between disappointment in the quality of a product or brand and brand influence on purchasing behaviour.
- There is correlation between psychographic classification and brand influence on purchasing behaviour in the sample B (see Figure 6). The result of the correlation: the middle class makes purchasing decisions influenced by the brand.

Figure 7: Correlation between psychographic classification and brand influence on purchasing behaviour



Source: authors.

Psychographic classification was carried out according to the study ‘Vals’ (Value and Lifestyles) by company SRI International, categorising the middle class as consisting of the averagely paid officers, teachers, owners of small and medium-sized companies, so-called ‘white collar’ workers.

Discussion

The results of the research show that from the customer’s perspective the brand is perceived either as quality assurance or as a part of the image and purposeful stylisation of a member of a social group represented by that brand while the latter clearly dominates at present.

It is evident that the results of the research confirm that even in the Slovak Republic, more than half of customers are affected by the brand. In Slovakia, the percentage of people that decide by brand exceed those who do not decide under the influence of the brand

by 4%. It is not a large difference. However, even such a small difference is important for companies to build and develop their marketing strategy with regard to the brand.

Satisfaction and appreciation of the benefits of the purchased products of a particular brand lead to a shift away from other brands of the same product. Research confirms that a large percentage of consumers build brand loyalty in long-term and a relatively high percentage of consumers remain loyal to the brand even after their disappointment with the product quality.

In order to stabilise the relationship, it is necessary to build the brand in the minds of customers. In order to build a brand, a company must know the tools that will affect this activity. The choice of tools depends on the brand influence on the customers' purchasing decisions and the factors that increase such influence. That was the goal of the presented research - to know the factors that will increase brand influence of a customer's purchasing decision in order to implement them in the marketing strategy of an enterprise.

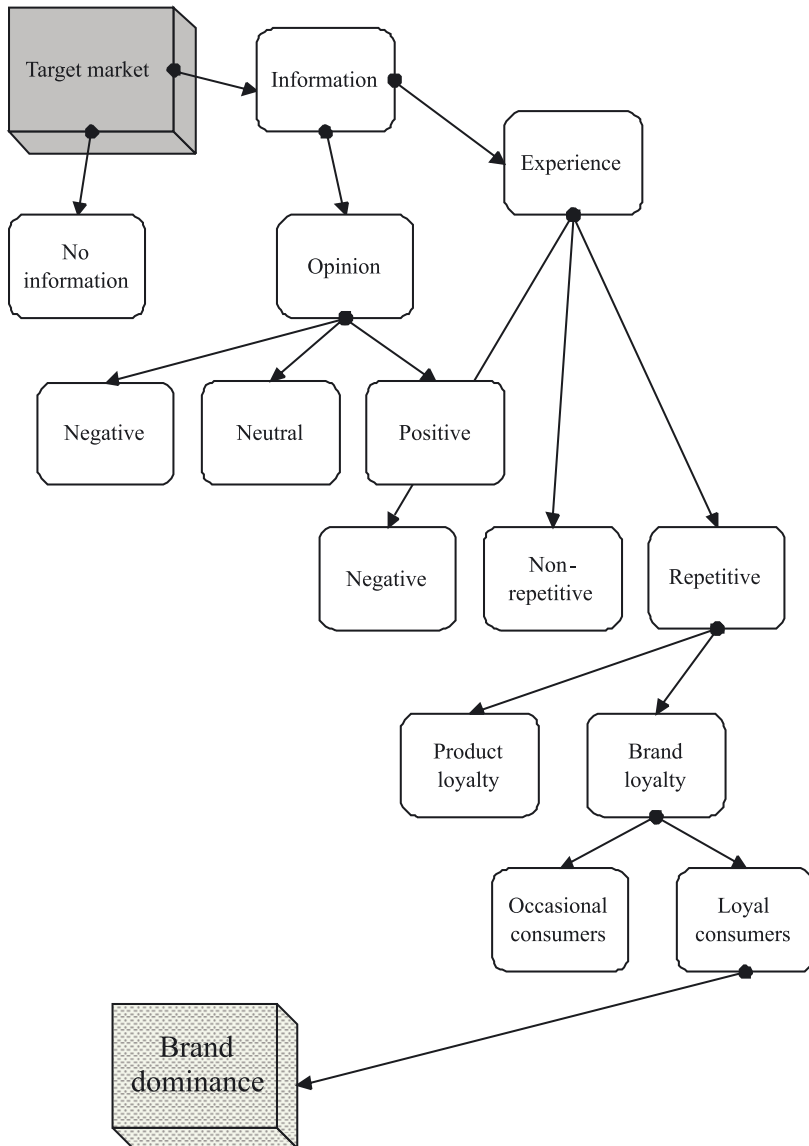
Conclusion

Proper use of research results that the company incorporates in its marketing strategy can lead to the formation of loyal consumers. This process is illustrated in Figure 8. The process starts with information about product and experience with the product. If the experience is multiple positive, it will create product loyalty.

Experience will be positive if the brand (based on the research exemplified here) is correctly positioned in the market segment. A company may use other information obtained by research in its marketing strategy by its marketing activities. If the product generates customers' positive associations with the producer's marketing activities, then it will create brand loyalty. If a consumer is bound to decide repeatedly on the brand, we can talk about a loyal consumer who decides on the basis of the brand. This causes the creation of the brand dominance.

In the competitive environment it is essential for the company to build a database of loyal consumers. Experience in marketing management shows that it is much more difficult to retain customers than to obtain them for the first time. A customer does not have full experience with the product by purchasing it for the first time. He or she is influenced by advertising, brand of producer and the trust in the product. In the process, a company needs to convince the customer that his or her decision was right. This task is not easy. In this process, the brand performs an important role. A customer better identifies the product and can return to its purchase based on the existence of the brand.

As mentioned above, most consumers perceive the brand in Slovakia as a guarantee of quality. Knowing the elements that the consumer considers as product quality is essential for a company. The company must keep this in mind and create the quality management system in its environment. Ruževičius (2007) says that organisations have to clearly define their resources that collect information and implement business quality management system.

Figure 8: Creating a loyal consumer

Source: authors.

The criterion of consumer brand loyalty is one of the criteria used to compile the ranking list of the Slovak most successful brands.

Among them, the brand Matador (company manufacturing pneumatic tires) traditionally is the first in the category of companies and in the category of products, the beer brand Zlatý Bažant (the original Slovak brand which is licensed and manufactured abroad in the Heineken company). In order to compile the ranking list, the jury takes the following factors into account: brand loyalty, brand knowledge, competitiveness,

representativeness, that the brand 'was born' in Slovakia, tradition, quality, brand positioning by consumers and brand value.

The first place in the ranking of brands is an important asset for the company, which carries the brand or performs the products of this brand.

Acknowledgement

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Annex 1 – Questions of the questionnaire

1. Age of respondent
2. Gender of respondent (male / female)
3. Attended school, respective respondent's education (elementary school / high school / university)
4. Monthly income (less than 500 € / € 500 – 1 000 / € 1 000 – 1500 / more than € 1 500)
5. Region in Slovakia

6. Nature of residence (urban / rural)
7. How do you mostly spend your free time? (in the countryside / hobby / at a computer / with friends / other)?
8. Does the brand influence your purchasing behaviour? (yes / no)?
9. Do you purchase brand products ... (as needed / spontaneously / based on ads)?
10. What does the brand product mean to you (life style / quality / inclusion in social group / social prestige / means nothing to me / other)?
11. What affects your relationship with the product brand? (own experience / advertising / surrounding / other)
12. Do you have a favourite product brand? (yes / no)
13. Your favourite brand is from the field of ... (food / clothing / technology / sport / other)?
14. Have you been disappointed with the quality of your favourite product brand? (yes / no)
15. If so, have you remained faithful in spite of that? (yes / no)
16. How long have you been loyal to your favourite product brand? (less than a year / more than year)
17. Do you plan to stay loyal to your favourite brand in the future? (yes / no)
18. For what reason would you be willing to substitute your favourite brand for another one (brand image / social status of brand / product price / product design / performance of the product / other)?
19. To which psychographic category (social class) do you belong to? (upper upper class, lower upper class, upper middle class, middle class, working class, upper lower class, lower lower class) (The characteristics of each class were listed in this question. This question was referred only to sample B).

Annex 2 – Answers to questions, the respective data obtained from the research

1. Participants in the survey:
 - In sample A: respondents at the age of 13-26
 - In sample B: respondents at the age of 20-77
2. Participants in the survey:
 - In sample A: 30% of men, 69.5% of women
 - In sample B: 48.6% of men, 51.4% of women
3. Attended school / education:
 - In sample A: elementary school – 12% of respondents, high school – 68.6% of respondents, university – 19.4% of respondents
 - In sample B: elementary school – 3.5% of respondents, high school – 45.1% of respondents, university – 51.4% of respondents
4. Monthly income:
 - In sample A: less than 500 €: 9.2%/€ 500 – 1 000: 42.9%/€ 1 000 – 1500: 31.4 %/more than € 1 500: 16.5%
 - In sample B: less than 500 €: 11.8%/€ 500 – 1 000: 48.4%/€ 1 000 – 1500: 28%/ more than € 1 500: 11.8%

5. Region in Slovakia
 - In sample A: Žilina region had the largest representation – 60.4%
 - In sample B: Žilina region had the largest representation – 53.9%
6. Nature of residence
 - In sample A: urban – 51.1%/rural – 48.9%
 - In sample B: urban – 66.5%/rural – 33.5%
7. Spending free time
 - In sample A: 59% of respondents spend their free time with friends
 - In sample B: 34.5% of respondents also spend their free time with friends
8. Influence of purchasing behaviour by brand
 - In sample A: 61.9% of respondents are influenced by brand
 - In sample B: 65.2% of respondents are influenced by brand
9. Reason for purchasing a brand product
 - In sample A: most of the respondents – 61.9% purchased due to the need
 - In sample B: most of the respondents – 75.8% also purchased due to the need
10. Meaning of the brand to the customer
 - In sample A: the brand represents quality for most of the respondents – 61.9%
 - In sample B: the brand also represents quality for most of the respondents – 51.6%
11. Factor influencing the respondent's relationship to the product
 - In sample A: such a factor is own experience for most of the respondents – 67.6%
 - In sample B: such a factor is also own experience for most of the respondents – 83.6%
12. Existence of a favourite brand
 - In sample A: a favourite brand exists for most of the respondents – 68.8%
 - In sample B: a favourite brand exists for most of the respondents – 75.3%
13. Field of favourite brand
 - In sample A: clothing brand is favourite for most of the respondents – 56.6%
 - In sample B: clothing brand is favourite for most of the respondents – 35 %
14. Disappointment in the quality of the brand
 - In sample A: yes: 45.6% of respondents, no: 54.4% of respondents
 - In sample B: yes: 43.1% of respondents, no: 56.9% of respondents
15. Brand loyalty after the disappointment
 - In sample A: 46.5% of respondents have remained loyal to their brand even after the disappointment
 - In sample B: 34% of respondents have remained loyal to their brand even after the disappointment
16. Time of loyalty to a favourite brand
 - In sample A: less than one year – 19.9% of respondents, more than one year – 80.1% of respondents
 - In sample B: less than one year – 16.6% of respondents, more than one year – 83.4% of respondents

17. Brand loyalty in the future
 - In sample A: yes – 91.1% of respondents, no – 8.9% of respondents
 - In sample B: yes – 87.7% of respondents, no – 12.3% of respondents
18. Reason for substituting the favourite brand
 - In sample A: reason for substituting a favourite brand is better price of another product for most of the respondents – 30.9%
 - In sample B: the reason for substituting a favourite brand is the performance of another product for most of the respondents – 31.9%
19. Categorisation according to social classes (query only in sample B):
 - In sample B: most of the respondents – 53.1% have categorised themselves as the middle class

PREKĖS ŽENKLO ĮTAKA VARTOTOJŲ PIRKIMO SPRENDIMAMS SLOVAKIJOS RESPUBLIKOJE

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Santrauka. Straipsnyje daugiausia nagrinėjama prekės ženklo svarba ir jo įtaka vartotojų pirkimo sprendimams, taip pat ženklinimo elementai, prekės ženklo valdymas ir jo rinkodara įmonėse. Pagrindinė verslo įmonių strategija turėtų būti naujų klientų pritraukimas ir jų išsaugojimas. Straipsnis taip pat pateikia mokslinio tyrimo rezultatus, kuriuos praeitais metais atliko daugiau kaip 800 respondentų Slovakijos Ekonomikos departamente ir Žilinos universiteto Transporto ir susisiekimo organizavimo ir ekonomikos fakultete. Pagrindinė funkcija buvo nustatyti, kokiai daliai respondentų prekės ženklas turėjo įtakos priimant sprendimus dėl pirkimo ir kuris iš tirtų veiksnių parodė sąsają su prekės ženklo įtaka, priimant pirkimo sprendimus.

Reikšminiai žodžiai: prekės ženklas, prekės ženklo valdymas, marketingo strategija, pirkimo sprendimas.