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Brands Effective on Customers

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Abstract

Brand is a type of product manufactured by a particular company under a particular name. Brand is such a famous word that always comes in the minds of people before buying a product. Brand loyalty play a crucial role to boost up business performance as brand loyalty is considered as important tool which can positively change people's buying patterns. This theoretical paper studies the impact of brands on buying intentions of consumers and factors that influence their buying decision.

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Introduction

People in our society are so brand conscious that they want everything with a name called brand. They buy branded products not just to satisfy themselves but to lure others too. And on the other hand a businessman can too have advantageous situation by this attitude of a consumer. It can be proved as a strong weapon to fight with the competitors. Customers like to buy branded products but only those branded products which are popular among their social circle or which can set them above all their friends. Good quality of products and social responsibility of any business can positively affect behavior of customers toward brand image and brand loyalty.

Problem Statement: This paper aims to study, do brand really have any impact on buying intensions of consumers.

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Objectives-

- To study whether customers consider only brands or other factors also influence his buying behavior.
- To study that do customers buy branded products just to show their status or they go for the qualities of product.
- To study whether branded products leads to accelerated prices or not.

Practical Implications: This paper gave the view that apart from brand factor there are so many other factors like demographic, social, cultural, attitudinal, individual factors and intentions that have impact on buying decision of a consumer.

Review of Literature

- Leighton, Jane & Bird, Geoff in their research report on 'The Effect of Branding on Consumer Choice' stated that altering the amount of non-branded information included on packaging may only have a small effect on consumers's recognition of brands. Some tentative evidence suggests that they may pay more attention to brands when the nutritional labels are larger, but that this may then impair their ability to recognise the brand.
- Hussain Shah,Syed Saad,& Aziz Jabran,(2012) in their research paper titled ' The Impact of Brands on Consumer Purchase Intentions' stated that smokers situated in the vicinity of Rawalpindi purchasing intentions are affected by the brand image. Furthermore people don't consider environmental consequences while smoking as it has been adopted by many people in Pakistan as a source of pleasure.

Brand

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According to the American Marketing Association (AMA), a **brand** is a "name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition."

Technically speaking, then, whenever a marketer creates a new name, logo, or symbol for a new product, he or she has created a brand.

In the book" Theoretical of branding" Kotler specifies that brands add dimension to products and thereby enable differentiation/distinction from other products that are designed to satisfy the same need. Brand attribute comprises functional and emotional association to which assigned by its consumer. For that reason brand attribute can be either negative or positive and can have different degrees of relevance and importance to different customer segments, markets and cultures (Thu Ha, Nguyen 2013)

BRAND: - It denotes

B-Belief

R-Relevant & Reliable

A-Adorable& Associated

N- Need specific

D- Differentiated.

Product

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A **product** is anything we can offer to a market for attention, acquisition, use, or consumption that might satisfy a need or want. Thus, a product may be a physical good like a cereal, tennis racquet, or automobile; a service such as an airline, bank, or insurance company.

A brand is therefore more than a product, because it can have dimensions that differentiate it in some way from other products designed to satisfy the same need. These differences may be rational and tangible—related to product performance of the brand—or more symbolic, emotional, and intangible—related to what the brand represents.

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Brand loyalty

Achieving a high degree of loyalty is an important goal in the branding process. Loyal consumers are valuable consumers because it is much more expensive to recruit new customers than nursing and keeping existing ones. Brands are important vehicles when building consumer loyalty as they provide recognizable fix points in the shopping experience.

Brand loyalty is: "The biased, behavioral response, expressed over time, by some decision making unit, with respect to one or more alternative brands out of set of such brands, and is a function of psychological (decision-making , evaluative) processes (Jacoby and Chestnut (1978, p.80))".

Measures of Brand Loyalty

(I) Attitudinal versus Behavioral Measures - Behavioral measures define brand loyalty in terms of actual purchases observed over a period of time.

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Advantages:

- Based on actual purchases, which are directly related to the performance and existence of the firm.
- Not likely to be incidental as they are usually based on behavior over a period of time; and
- Relatively easier to collect than attitudinal data.

Limitations:

- They make no distinction between brand loyalties and repeat buying, and therefore may contain spurious Loyalty (Day (1969)).
- Although behavioral data are the most accurate representation of past behavior, they are not necessarily a good representation of future behavior, especially under changed circumstances (Day, Shocker, and Srivastava(1979)).

Attitudinal Behavioral Measure- This is based on stated preferences, commitment or purchase intentions of the consumers thus emphasizing the cognitive element of brand loyalty.

Advantages:

- Attitudinal measures are able to distinguish brand loyalty from repeat buying.
- It might be easier to choose the right decision unit
- They give insight into the motivations for the consumer's choice behavior, and these motivations are less likely to be influenced by random short-run fluctuations

Limitations

- Attitudinal measures may not be an accurate representation of reality as they are not based on actual purchases.

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Brand loyalty is the result of a mental processing of the brand's features by the consumer. Hence, brand loyalty may be seen mostly as a property of the brand's feature (Aaker (1991); Rossiter and Percy (1987)) or may be considered more as a characteristic of the respective consumers who process that information (Hafstrom, Chae and Choung (1992); Sproles 2nd Kendal (1986))

(II) Brand-Oriented Versus Individual-Oriented Measures

If brand-oriented measures are used, a value of brand loyalty is derived for each brand. On the other hand, if an individual-oriented measure is used, the loyalty of specific customers is estimated, and it is of less importance to what specific brand that individual is loyal.

Advantages

With these measures, it is possible to compare brands, and to study the influence of their respective marketing strategies on the resulting brand loyalty.

Limitation

- They are less suited to study the influence of individual characteristics on brand loyalty.
- Aggregation problems may arise if the consumer population is heterogeneous with respect to brand preferences. . If this is not taken into account, the resulting estimates will be biased (Massy et al. (1970)).

Brands and Other Signs of Quality

In many sectors, brands coexist with other quality signs. The food industry, for instance, is also filled with

- quality seals,
- certificates of norm compliance and
- Controlled origin and guarantees.

The proliferation of these other signs results from a double objective: to promote and to protect. Certifications of origin are intended to protect a branch of agriculture and products whose quality is deeply rooted in a specific location and know-how. It segments the market by refusing the certification of origin to any goods that have not been produced within a certain area or raised in the traditional way. Quality seals are promotional tools. The legal guarantee of typicality brought by a 'certified origin' seal means more than a simple designation of origin, a mere label indicating where a product comes from, in that the latter implies no natural or social specificity – although it may mislead the buyer into thinking that there is one. Moreover, several modern cheese-makers deliberately mix up what is genuine and what is not, inventing foreign names for their new products that are suggestive of places or villages in an effort to build their own country, narrow description.

A Brand Is a Name That Has Impact on Buyers

A brand is a name with power to influence buyers. Of course, it is not a question of the choice of the name itself. Brand name should be-

- one that is easily pronounceable around the world and
- One that spontaneously evokes desirable associations.

What really make a name become a Brand

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- Differentiability,
- Strength and
- Belief attached to these associations.

We live in an awareness economy. There is so much choice that consumers cannot spend their time comparing before they make a choice. They have no time and even if they did, they cannot be certain of being able to determine the right product or service for them.

- Brands must convey conviction and trust.
- They are a time and risk reducer. In fact where there is no risk there is no brand.
- The perceived risk could be economic (price related risk), functional (performance related risk), experiential, psychological (self concept risk), or social (social image risk). This is why it takes time to build the attentiveness that is part of brand awareness, and trust.
- Brand power to influence buyers relies on representations and relationships. A representation is a system of mental connections. We stress the word 'system', for these associations are interconnected. They are in a network, so that acting on one impact some others. These associations (also called brand image) cover the following aspects:

- ✓ What is the brand area (perceived competence, typical products or services, specific know-how)?
- ✓ What is its level of quality (low, middle, premium, luxury)?
- ✓ What are its qualities?
- ✓ What is its most discriminating quality or benefit (also called perceived positioning)?
- ✓ What typical buyer does the brand evoke?
- ✓ What is the brand personality and brand imagery?

Beyond mental associations, the power of a name is also due to the specific nature of the emotional relationships it develops. A brand, it could be said, is an attitude of non-indifference

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knitted into consumers' hearts. This attitude goes from emotional resonance to liking, belonging to the consideration set, preference, attachment, advocacy, to zeal.

Finally, designs, patents and rights are of course a key asset: they provide a competitive advantage over a period of time. In short, a brand exists when it has acquired power to influence the market. This acquisition takes time. The time span tends to be short in the case of online brands, fashion brands and teenagers brands, but longer for car brands and corporate brands. This power can be lost, if the brand has been mismanaged. Even though the brand will still have brand awareness, image and market shares, it might not influence the market any more. People and distributors may buy because of price only, not because they are conscious of any exclusive benefit from the brand. What makes a name acquire the power of a brand is the product or service, together with the people at points of contact with the market, the price, the places, and the communication – all the sources of cumulative brand experience. This is why one should speak of brands as living systems made up of three poles: products or services, name and concept.

When talking of brands we are sometimes referring to a single aspect such as the name or logo. In brand management, however, we speak of the whole system, relating a concept with inherent value to products and services that are identified by a name and set of proprietary signs (that is, the logo and other symbols). This system reminds us of the conditional nature of the brand asset: it only exists if products and services also exist. Differentiation is summarized by the brand concept, a unique set of attributes (both tangible and intangible) that constitute the value proposition of the brand. To gain market share and leadership, the brand must be:

- able to conjure up a big idea, and attractive;
- experienced by people at contact points;
- activated by deeds and behaviors;
- communicated;

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- Distributed.

Since a brand is a name with the power to influence the market, its power increases as more people know it, are convinced by it, and trust it and becomes loyal towards it. Brand management is about gaining supremacy, by making the brand concept more known, more bought, more public. In summary, a brand is a shared desirable and exclusive idea embodied in products, services, places and/or experiences. The more this idea is shared by a larger number of people, the more power the brand has. It is because everyone knows 'BMW' and its idea – what it stands for – even those who will never buy a BMW car, that the brand BMW has a great deal of power. The word 'idea' is important.

Role of Brands in Different Situations

Brands do not always play a role in the buying decision process of consumers. Other factors may be more important. For example, research on 'brand sensitivity' (Kapferer and Laurent, 1988) shows that in several product categories, buyers do not look at the brand when they are making their choice. In Germany there is no national brand of flour. Even the beer brands are mostly regional.

Brands reduce perceived risk, and exist as soon as risk is perceived.

Risk is perceived- brand reduces that risk

Risk perceived disappears- the brand no longer has any benefit

The perceived risk is greater if the unit price is higher or the repercussions of a bad choice are more severe. Thus the purchase of durable goods is a long-term commitment. Apart from this, because humans are social animals, we judge ourselves on certain choices that we make and this explains why a large part of our social identity is built around the logos and the brands that we

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wear. As far as food is concerned, there is a certain amount of intrinsic risk involved whenever we consume something and allow it to enter our bodies. The brand's function is to overcome this anxiety.

For example, the importance of brands for the following categories: coffee, tea, cereals, toothpaste, deodorant, cold sauces, fresh pasta, baby food, beauty products, washing powder, etc. are high in the market. For these products the consumer has high involvement and does not want to take any risks, be they physical or psychological. Nothing is ever acquired permanently, and the degree of perceived risk evolves over time. In certain sectors, as the technology becomes common place, all the products comply with standards of quality. Therefore we are moving from a situation where some products 'failed' whereas others 'passed', towards one where all competitors are excellent, but some are 'more excellent' than others. The degree of perceived risk will change depending on the situation.

Lastly, all consumers do not have the same level of involvement. Those who have high involvement are those that worries about small differences between products or who wish to optimize their choice: they will talk for hours about the merits of such brand. Those who are less involved are satisfied with a basic product which isn't too expensive, and is sold in their local shop. The problem for most buyers who feel a certain risk and fear making a mistake is that many products are not clear: we can only discover their inner qualities once we buy the products and consume them. However, many consumers are reluctant to take this step. Therefore it is imperative that the external signs highlight the internal qualities of these opaque products. A reputable brand is the most efficient of these external signals. Examples of other such external indicators are: price, quality marks, and the retail outlet where the product is sold and which guarantees it, the style and design of the packaging.

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Factors Influencing Buying Intentions of Consumers

- **Cultural And Social Factors** - culture is the important cause of person's wants and behavior. Throughout his existence, an individual will be influenced by his family, his friends, his cultural environment or society that will teach him values, preferences as well as common behaviors to their own culture. For a brand, it is important to understand and take into account the cultural factors inherent to each market or to each situation in order to adapt its product and its marketing strategy. McDonald s is a brilliant example of adaptation to the specificities of each culture and each market. Well aware of the importance to have an offer with specific products to meet the needs and tastes of consumers from different cultures, the fast food giant has for example: a Chicken Maharaja Mac and a Masala Grill Chicken in India (with Indian spices) as well as a Mega Teriyaki Burger (with teriyaki sauce) or Gurakoro (with macaroni gratin and croquettes) in Japan.
- **Individual Factors:** It includes such variables as age, lifecycle stage, occupation, economic circumstances, lifestyle, personality and self concept. Decisions and buying behavior are obviously also influenced by the characteristics of each consumer.
- **Perceptions:** Perception is a process of how individual see and make sense of their environment. If two individual expose the same stimuli and same condition, their response will be different depending on the way they interpret and perceive the stimuli. This is because the way we select , sort and interpret stimuli is grounded and governed by our needs, expectation, value, which are quite unique to each individual (Schiffman, Kanuk, Hansen, 2012).
- **Quality of Product:** Quality is defined as evaluation of excellence and superiority of the product (Zeithaml, 1988). According to Collins (2003) consumer evaluates the quality in association of extrinsic and intrinsic cue. Intrinsic cue is the perception of quality through

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physical characteristic of the product (color, size, flavor or aroma) while extrinsic cues are attributes which have some relations with the product (package, price, advertising and peer pressure). Because extrinsic cues are more familiar with customers, based on this cues it is easier for them to evaluate the products.

- **Money Payable for Product:** Price is the amount of money a consumer sacrifices to obtain the product (Zeithaml, 1988).Consumer perception with respect to price is different and has a positive and a negative influence on the buying behavior. Zeithaml (1998) also mentioned buyers are price seekers-those who look for low price, as a result, for some consumers having inexpensive product means achieving high value. On the contrary, some consumers might associate low price with low quality. Those consumers who think price is an indicator of quality and companies might reduce the quality of the product to minimize the cost. Thus, to them the higher price is a signal of a better quality (Bao.Y,Y and sheng ,S , 2011) .
- **Perceived Risk**: Perceived risk can be explained as consumers' doubt about the result of their decisions. Hence, the degree of consumers' risk perception is one of the important factors influencing buying decision. In the previous studies by (Aaker D., 1996), (Aaker D. a., 2000), (Chaudhuri, 2002) showed that customers benefits of purchasing familiar brands which reduces their purchasing risk.
- **Attitude**: Attitude is defined as "the consumer total evaluation of the product" (Rao, 2010). Fishbein and Ajzen cited by (Chandon Jean-Louis, 2011) denoted that attitude has an influence on purchase intention and consumer behavior because it has basic psychological function. In recent years, consumers are concerned about the quality. For this reason several researcher mentions the balancing of price and quality has a relation for creating consumers positive attitude. Furthermore, if satisfaction from the last purchase is derived, consumers will frequently shop the product and become familiar with it. Once

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familiarity is archived, the perception of risk reduces; consequently, positive attitude towards brand is generated(Anas Hidayat ,Ayu Hema Ajeng Diwasasri, 2013).Therefore it is important to mention that attitudes are formed not only as a result of prior direct experience with the products, but also attitude are formed and be influenced by extrinsic factors such as advertising.

- **Intention:** Purchase intention is a planned behavior that a consumer willing to buy certain product (Ajzen, 1992). Advertisements play important role in creating purchase intentions among customers that ultimately creates brand loyalty.

Brand Influence on Price of a Product

- Price, which is an enduring element of the Ps of the marketing mix, may generally be perceived in terms of the specific monetary value that a customer attaches to goods and services (Kent & Omar 2003).
- Pricing enables companies to segment markets, define products, create incentives for consumers and even send signals to competitors (Atchariyachanvanich & Hitoshi 2007).
- Goods and services must be priced in a way that achieves profitability for the company and satisfies customers, in addition to adapting to various constraints such as competition (Sahay 2007).
- Price, like other key factors in exchange relationships, is one of the tools marketers may use to confront the market, either by directly attracting and retaining clients or fighting against competitors (Boonlertvanich 2009).
- Instead of pricing the product at a standard R10.00, the product is priced at R9.99 (Romani 2006). This creates an impression that consumers are paying a lower price for the product, leading to an acceleration of sales (Lamb et al. 2008).

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- The issue of reference pricing also presents manifold challenges to marketers (Abedniya 2011). Reference pricing refers to the price against which consumers compare the listed price of a product or service with the discounted price (Anttila 2004). In this way consumers evaluate whether a price is too low or too high as they make their product choices.
- Due to the sensitivity of price to different segments of the market, some retailers have resorted to introducing standard products or house brands to cater for the price-sensitive section of the market (Yelkur 2000). This strategy is based on the view that for some consumers, high price simply means giving up more resources for the product whereas some consumers perceive that high prices are a signal of better quality and prestige (Jin & Sternquist 2003).
- Often, marketers are also faced with the predicament of introducing either a fixed price or a discounted price (Abedniya 2011). A fixed price offer suggests to a consumer that the price is non-negotiable or will remain constant whenever they decide to purchase the product (Ahmad & Vays 2011; Nagle & Holden 1994). The discounted price system denotes that the price of a product may be reduced marginally as and when necessary to encourage more sales (Leisen & Prosser 2004).
- Overall, it is important for marketers to choose price communication strategies, both at the point of sale and by the means of various media forms, which are capable of drawing consumers' attention to the product's value and thus inducing them to buy (Romani 2006). Since price is an important instrument in shaping the performance and buying intention of consumer, it is logical to expect a positive relationship between price and brand loyalty.

Conclusion and Implication:

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The purpose of the study is to investigate the impact of brand on consumer whether they buy branded products because of their quality or there are other factors behind their loyalty towards brand. It has been found that-

- impact of brand on customer depends upon quantity of risk perceived by them;
- Their cultural, social, psychological and demographic factors also influence their buying intentions.
- Social status to which a consumer belongs affect his decisions about brands to a greater extend.
- Because of enhanced quality or name created by company called BRAND price of a product also increases as compared to non branded products.

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