

How does branding
affect consumers
purchasing decision?



**ASSIGN
BUSTER**

Abstract:

Consumer behavior is dependent on few factors that need to be considered in any industry. In the garment industry, there are several intertwining factors known that influence consumer behavior. The Internet as one knows well has its importance in nearly every form of trade, but brand recognition is driven by a set of factors that have their own principles.

Trade is directly dependent on communication, and these days the Internet it is considered to be one of the most important and reliable means of communications for trade. It is for this reason that brand promotion is significantly related to the use of the Internet. However, it needs to be asserted that the Internet is a tool for promoting a brand as is other means of brand promotion.

In view of the Internet being an important medium through which customers may be communicated with, consumer behaviors, and more importantly, consumer-purchase decisions, become an important subject. Observing consumer-purchase decisions in the recent past, it can be asserted that there is immense scope for expanding industries that receive positive responses from consumers. An example of this is observed with some organizations in the garment industry. A company such as Levis is a good example to view the effectiveness of branding on consumer-purchase decisions. In addition purchases made at outlets, online purchases have been significant as purchases of are easily made and are believed to be considerably reliable. This reflects the manner in which consumers rely on brands like Levis. For purchasing garments and placing orders, advertising

through the Internet is the first step towards pulling in customers. Indeed, this step is believed to be effective as there are a number of individuals who first see ads online, and then decide to physically check a promotion out. However, this is not the only way that people want to explore promotions of garments or any other industry.

Shoppers are keen to check out things for themselves. There are many consumers that also do not rely on the Internet for purchasing what they want. They would rather shop, and there are indeed many consumers who spend several hours per week in shopping centers searching for what they want. Among these shoppers there are different kinds of consumers, and each of these has different characteristics. Some look for stuff that is cheaper and reliable while others want quality. Those who search for quality know what brands they want generally.

Deciding what to purchase from a consumer's perspective depends on what satisfies him or her. From a manufacturer's perspective, it is important to understand what interests a consumer most, and based on these interests, manufacturers work to develop their brands. Manufacturers have to develop a brand identity in order to seek brand loyalty of consumers. Once manufacturers learn how to read their consumers, they can influence their purchasing decisions, and this is precisely aimed at by promoting a brand and working towards its selling power.

1. Introduction:

1.1 Background

In order to sell products, organizations resort to various strategies. Each company has its strategy structured in accordance with market factors as well as product strengths. This may mean that an organization has to consider various angles in order to make sure its products enter a market and sell successfully. In considering several factors that play their parts in the success of a product in the market, 'branding' is one major component for organizations to work on. Branding is considered to be a major component in the success of a product in the market because it can control consumer decisions. This of course depends on the reputation of the brand, which refers to how it has appealed to consumers in the past and how it has served them.

1.2 Importance of the Study:

Understanding what branding is enables one to understand the way that consumers behave when newer products are introduced. This is interesting to understand because it helps to understand why different company products of the same nature have different responses from consumers.

1.3 Research Question:

The main Research Question that will be dealt with in this study is as follows:

How does branding affect consumers purchasing decision?

Other research questions that will be part of this study include the following:

* What is branding?

* How is branding used?

* How do consumers respond to branding?

* Is branding really significant in order to sell products?

1. 4 Limitations of study:

This study makes use of relevant literature to the research question as well as a survey of 50 participants. Though the literature review encompasses a wide variety of views regarding the research question, the survey only encompasses participants within the researcher's physical location. This means that the views from the participants are fewer than what is needed for a comprehensive view of primary data.

1. 5 Organisation of study:

The basic organization of this study consists of dealing with the main research question mentioned above, for which there will be a literature review. In accordance with a methodology, this literature will be analyzed, and a conclusion will be arrived at. In addition to data analyzed from the literature review, answers from a survey conducted will also be analyzed and paired with the results of the analyzed literature review.

2. Literature Review

2. 1. Chapter introduction:

This chapter includes the views of other studies and reviews related to the main research question. In this chapter, there will be pertinent data on what branding is, how it impacts consumers, and how consumer-purchasing decisions are impacted through branding.

2. 2. Framework for review:

In this section, there will be a flow as the review gradually progresses. This means that each relevant portion of the subject will be exposed gradually as the review progresses. However, at various points there will be inclusions of points exposed earlier, where needed.

2. 3.

A brand allows organizations to differentiate their business from their competitors. But more importantly, brands help to motivate customer loyalty. By having a brand, companies gain manifold levels by creating effective business strategies that help to promote the company. Building a brand is also about creating an identity that differentiates one from the rest – this may be in the form of a logo, a name or business model. This is what helps to receive a positive consumer response; consumers look for characteristics in a brand that cater to their needs and wants. If a brand does this with one product, in future, consumers would choose other products with the same brand.

More recently, branding concepts have become more about how people perceive business. For this reason, there has been a lot of attention on how brands can alleviate the position of business, sales and consumer base. The perceived knowledge about the brand comes from three major criteria according to Business Central by Microsoft (2004): These are:

1. “ Confidence in a business, product or service doing exactly what the customer already believes it will do. For example, a 24-hour convenience

store brand can be based on customers' confidence that it will be open, whatever the time of day or night.

2. The emotional response of the customer to purchasing a product or service. For example, a clothing retailer can create a brand based around making its customers feel good about what they wear, how they look, how good they feel about buying clothes from that shop and what it says about them to their peers. A brand builds a unique personality for a business, and therefore attracts a defined type of customer.

3. Most importantly, branding is based on consistently rewarding the confidence and delivering the expected emotional response.

For example, a domestic cleaning company can build its brand successfully if customers' homes are always thoroughly cleaned. The owners believe that they are using the best cleaning company and feel good about returning to their newly cleaned homes."

Given the highly developed set criteria, one can understand that brands are not created overnight; in fact brand identity is created by assessing the business, how it operates and the kind of message that the business wants to send out to the customers, and able to deliver the promise to the customer time and again. This kind of assessment has to be realistic and be based on the following key areas:

1. Work out your business, product or service's core competencies. These are what you achieve for your customer, not necessarily what you do. For

example, a good wine shop's core competence is selling wine that its customers enjoy — not just selling wine.

2. Assess whom your existing and potential customers are and find out what they like and what they don't. For example, if competitive pricing drives them, there is little point in you presenting yourself as a premium-price supplier of the same products offered by your competitors.

3. Find out how your customers and your employees feel about your business. Reliable? Caring? Cheap? Expensive? Luxurious? No-frills? Later in the process, these emotional responses (brand values) will form the basis of your brand message.

4. Define how favorably customers and potential customers view your business — this is your perceived quality. Do they trust your business, product or service? Do they know exactly what it does for them? What do they think of when your brand is mentioned to them? Low perceived quality would restrict or damage your business. High-perceived quality gives you a platform to grow.

5. Consider how far you can develop your business with its current customer perception without moving away from your core competencies. The amount you can change your offer is your brand stretch. For example, a shop known for selling fresh sandwiches could also consider selling homemade cakes and biscuits without going outside its core competencies. But selling frozen ready meals too may stretch its brand too far" (Microsoft BCentral 2004).

So much has the concept of brand identity become a part of the business process that companies are claiming their rights to certain qualities, product category, design, innovations and creations. One of the reasons for this is that companies are realizing amidst a homogenous market, credit cannot be given to any one in particular unless the company excels in certain areas. For example Tesco, Wal-Mart and K-Mart may all provide the same kinds of services and products, but there has to be something that makes the customer's experience unique in each of the above cases. Companies are realizing that the quest for uniqueness should be taken a step further by enhancing on certain or particular business area and developing it a step ahead of competitors. It is only through the differentiation technique that they would be able to effectively and successfully compete against rival. For example Wal-Mart may claim to have the cheapest price while Tesco would also do the same for certain products only.

To resolve this problem, techniques like the kind of message, bundle services as well as customer satisfaction guarantees are used to attract customers. But how do customers differentiate and recognize one service from the others? For most companies the first step is to identify the potential customer and perceive his/her consumer behaviour. Next is to align brand values that reflect customer's needs.

From the identity aspect, the company furthers this by redesigning logo, stationary and other visual contact to send out harmonious and unified theme to the consumer. For example, if the brand suggest value added services then all aspects of the business process has to incorporate value added services so that the customers becomes aware of this unique quality

<https://assignbuster.com/how-does-branding-affect-consumers-purchasing-decision/>

of that particular business; advertisements pertaining to the same should be launched and campaigns for external/internal customers to make sure everyone is aligned with the business objectives. In view of this, illustration 1 in the list of figures shows that aside from branding, there are other aspects that a company needs to focus on.

Given these aspects of brand and brand identity it can be defined as:

“ A brand, in its broadest sense, is the expression of an organisation or product. A brand is communicated in a number of different ways and not only represents the visual aspects that a customer may come across (logo or imagery), but can also be reflected in the behaviour of people within that organisation, the quality of products that the organisation offers, and the manner in which customers are treated.” (Investor in People 2004)

Retailers in the UK realized the importance of this concept during the Post World War Era. During the war years the UK chain stores expanded nationally to serve the local consumers with standardized products. The restraint on trade with the US did not allow the local producers to cultivate their services abroad. Similarly, the restraint also applied to US products and retail stores that had not been allowed to operate in the UK as the producers anticipated US influence on local UK consumers. However, as the Wars passed, new chain stores expanded and so did the international chain in Britain. As new factories reflect growth in industries, traditional method of promoting products and goods also changed to cater to the new classification of products. American products were cheaper and easy to access at the convenience stores as compared to British products and chain

stores. Further, due to the high unemployment level, resulting in less purchasing power, British stores did not feel motivated to expand or succeed. The only measure they were interested in includes the commodity's exchange value and how it serves as the source for covering operating income (Lowe et al 2000).

However, with the emergence of US producers and retailers, local stores had cause for concern. Since the departmental stores from the US provide the same commodities and yet provide the aesthetic experience as well, the consumers learned to appreciate the uniqueness of the experience they had with the foreign stores. For this reason, British retail stores underwent a wave of change where the stores had to make the decision of effectively competing with their American counterparts. According to Lowe et al (2000) " By 1939 in Britain the chain stores had carved out a market alongside, and in competition with, the department and co-operative stores, and were particularly noted for their own-brand goods. Their standardised fascias jostled for prime place in the redeveloped high streets and their mass-marketing strategies increasingly squeezed out the small, but still significant, independent trader. Their particular development was the consequence not only of Britain's compact geography and early industrialisation, but also of the political and cultural support for trade restraints, which were furthered by the retention of family influence in companies and by an ethos of business leadership as public service."

The British stores had gained significant development due to two reasons.

Firstly the family based society and class dynamics within Britain had

supported the centralization and spread of these stores across the country.
<https://assignbuster.com/how-does-branding-affect-consumers-purchasing-decision/>

Secondly, the trade restrained allowed these stores significant time frame for achieving the desired standards and quality for competing with rivals across the Atlantic. The intensity of the competition of stores in the US and UK resulted in inflating dynamic chain store culture and competition. As a result the retailing market changed its form with the support of the manufacturers, wholesalers and retailers in the distribution process.

The outcome of this contest between the two nations not only established platforms for large retailers but it also added to their knowledge of the development and progressive tracks that they need to follow in order to effectively compete nationally and internationally.

The basis for the fast growing retailing industry was inherent in the working class' ability to predict opportunity advantage and capitalize on it. For example in 1848 W. H. Smith gained railway contracts and bookstalls spread across England. Similarly, Thomas Lipton's' shops in Glasgow in 1872 were built on the back of new steamships importing cheap Empire butter, cheese, ham etc. The common factor prevailing in this spreading trend had been the producers and the owners being able to foresee consumer's special needs and satisfying them. Although these were family businesses that later on turned into empires nevertheless the concept of meeting demands as they come by providing customized services had been inherent during the 20th century even (Lowe et al 2000). J. B. Priestly surveyed the English landscape during this era and found that with the emergence of mobility, transportation and mass production, there has also been a mass set of chain cinemas, stores, teashops, etc., which has changed the way people eat, drink and entertain during the 1930s. The new infrastructure of migration and <https://assignbuster.com/how-does-branding-affect-consumers-purchasing-decision/>

investment went hand in hand with the migration of people from the north to the south, from inner city to suburbs and the like etc. For this reason most of the significant development in establishing names of quality products and services emerged during this era (Lowe et al 2000).

However, recently the trend has changed. Established names and quality brands have been facing difficulties in competition. As the UK become global in its trade practices, the risks of losing to foreign counterparts for local brands have increased. One example is Marks and Spencer. M&S has been an established brand that UK consumers had immense trust in and have been using as a platform for measuring offering value for money quality products. The promotional theme at M&S is based on quality but not a cheap product category that suits the average and affluent consumer. However, this strategy is not suitable for the needs of current globalization scenario. With the spread of retail stores and chain around the world such as Wal-Mart and ASDA, M&S has gradually lost its position to these competitors. Wal-Mart is in stark contrast of the values established by M&S. The Wal-Mart business philosophy is based on low price and cheap products that meets the average to low consumer group. Even more critical in this transition of retail store brands is that people are coming to accept them as alternatives to the established quality stores prevalent in the UK (Lowe et al 2000).

The alternatives no doubt easily had taken over the local brand and chain stores but it had not been able to capture the essence of the concept of brand. For the average price conscious consumers have not realized the implication of switching over to a foreign brand. Not only have they been compromising quality for price but they have also greatly contributed to <https://assignbuster.com/how-does-branding-affect-consumers-purchasing-decision/>

declining the established standards for the industry. Businesses that are known globally for their quality, reputation, product specifications, and standardizations have been replaced by the Americanization of products and services. No gap analysis has been identified for the switch and as a result brands that exist in the UK are innovating and revisiting their standards to win over the customers. The process is tedious but corporations and retailers are realizing the importance of exercising this process.

Today when one refer to brands and brand identity, it means the creation of a brand identity system which involve focusing on brand communication, developing needs analysis, contemplating target audience, relegation of market profile and establishing a brand identity with these inputs[1].

Successful brands may shape the business sphere as well as navigate the breadth and depth of the corporate identity. The message, the identity, the visual design language such as symbols, colours, flagship etc. all reflect and remind the consumers who they are; what is the nature of the business; how are they producing; social participation and responsibility; and to communicate with them to be part of the brand identity system.

For example in 1994 Coca-Cola business in the UK had been the largest bottlers and providers of cola drinks. However, at the same time other cola companies had come up with the same idea using the same corporate identity and brand message as Coca-Cola. Yet, despite this fact the local colas did not win the consumers due to the fact that consumers, in whose mind Coca-Cola association had already been lodged, mistook the new cola brands for the original one. For this reason the new cola brands lost to Coca-Cola in the competition. From this example and many that followed after, the <https://assignbuster.com/how-does-branding-affect-consumers-purchasing-decision/>

British producers realized that brand identity is a systematic process that must ensure that the development of the design is protected; ownership or long term partnership of retail channels is essential and ownership of other product advantage cannot be replicated. Apart from those other organizational issues in the process of brand identity system development is that the interface between the strategic decision-making on the branding process must discuss how the brands would facilitate the company and how the brands can be linked to the company's goodwill. Thus by tying monetary value to brands, companies have established the value to brand identity and its influence on corporate performance.

Once corporations realized the importance of brand identity, the struggle for materializing and capitalizing on brand identity increased. Marketers for one exhaustively increased their efforts to market their brands and logos more than they did the products; they laboured at serving the lifestyles that consumers lead rather than the products they need; and companies also included brand awareness strategies to ensure that the consumers understand the organizational products and services. More formal companies have established procedures for making this system work. Brands identity is now based on:

1. Recall rate at the top of the consumer's mind
2. Specific recall for occasions, events or holidays
3. Visualization of the brand identity
4. Personalization of the brand to an image

5. Brand extension
6. Not becoming stereotype for cosmopolitan appeal
7. Think global, buy local concept
8. Linking brands to sub-brands
9. Symbolic ownership of brand essence
10. Souvenir brand essence
11. Connecting the values of flagship brands to other brands
12. Word of mouth
13. Brand transition through the identity system
14. Express the corporate tone of voice and cultural style

These identifiers help companies to establish the concept of product design and its positioning in line with brand identity. In essence the whole exercise is to identify and take advantage of new and global practices and alleviate existing products and services without having to compromise old values and phenomena. With the amount of focus on brand, brand identity and brand loyalty, it can be observed that these are immense tools for influencing consumer purchase decisions (Knowledge Board 2004).

2. 4. Key findings from literature review

According to the above reviewed literature that encompasses key points on what a brand is and how it can impact consumer-purchase decisions, it can

be asserted that branding is an important tool for a company to survive in any industry. It is through a brand identity that consumers recognize a particular company's products and services within a large industry. If a company associates standard and acceptable services and products that are according to a consumer's expectations, the brand will be remembered and receive responses each time it advertises newer products and services.

3. Research Methodology:

3.1. Chapter introduction:

This section includes the method of handling the data and arriving at a conclusion. Given that there are two types of data being used for this study, it is important to draw up how exactly the researcher will go about it.

In order to conduct a study and answer the above research questions on how branding affect consumers purchasing decision, there is need to review relevant literature. The literature reviewed will be authentic and relevant to the research questions. This study will be both, qualitative and quantitative. A qualitative and quantitative study is necessary to answer the above research questions because both, facts and figures are an important part of the research area. There are also managerial aspects that need to be considered. These managerial aspects are represented in the form of facts and figures. Also, there will be statistical and numerical presentations considered that are necessary for answering the research questions.

Aside from the study being a quantitative and qualitative, it will adopt a random approach. This refers to considering a wide variety of sources.

However, the study will be limited to particular areas from where the

researcher can obtain relevant data for this study. Sources for the literature review are ones that are authentic and relevant to the area being researched. The sources are from books and journals, as well as official websites, newspapers and magazines. In addition to the use of the sources mentioned above, important factors belonging to the field being studied here are obtained from other studies and presentations. Opinions and facts from presentations are considered to help in answering the research questions. Facts and figures about McDonalds and KFC brands from different points of view will be considered. The manner in which the brands have operated globally and the focus they have had in various places will also be considered for a greater understanding of their brand communication with their consumers. This will help to bring together a wider range of opinions and facts to be analyzed. The literature review will be analyzed thoroughly so as to expose the answers to the research questions.

Secondary data analysis is the process of re-evaluating collected researched data. The data can be collected from previously researched publications including official researched documents. Data collection usually involves research material that is relevant to the research problem issue but does not necessarily answer the research objectives or questions.

For this research, the purpose of having secondary data analysis is to aid the researcher in collecting the data required to delineate the research objectives and provide a basis for analyzing primary data. Based on the conclusions of the secondary data analysis, the researcher will analyze and validate primary data collected through a survey questionnaire (Hair, Bush and Ortinau 2000). The questions in the questionnaire are mostly close
<https://assignbuster.com/how-does-branding-affect-consumers-purchasing-decision/>

ended. These close-ended questions will help to will to reduce result errors and biasness, as well as simplify accumulation of answers.

3. 2. Research approach

The rationale behind the literature has been to investigate the impact of branding on the consumers purchase decision. In terms of how what evaluate attributes influence their purchase decision. The underlying discussion has tried to come to an understanding of the consumers' perception and attitudes towards how their actual purchase choices or decisions are generated, keeping in mind the brand name associations that influence the consumer, leading to his consistent behavior and loyalty.

There are two main issues within the study: whether there is a difference in the effect that branding has on the different categories of consumer buying behavior groups, and the relationship between branding variables and consumer buying behavior.

Branding is about certain consumers, not all consumers as they have different attitudes and behaviors toward brands. Further, Crimp and Wright (1995) define consumer attitudes as a composite of a consumer's beliefs about, feelings for, and behavioral intentions towards some object-within the context of brand. In the research, the independent variable is the consumer buying behavior that is primary interest for marketer. The main objective of the research is to understand and describe the purchasing behavior in terms of brand and to explain its variability within the purchasing process and attempt to predict it. The dependent variable is the branding element that is considered by the consumer. Different consumers may hold different

attitudes for these branding elements, or in other words, these branding components are viewed together since they are highly interdependent and together represent forces that influence how the consumer react to the object.

3. 3. Data Collection Method

As Ghauri and Gronhaug (2002) suggest the research design is the overall plan for relating the conceptual research problem to relevant empirical research. In the same regards, Kress (1988) indicated that designing a research method calls for decisions on data sources, research approaches, research instruments and sampling plans.

Firstly, the study will attempt to discuss various sources of data and the ways in which data has been gathered for the purpose of analysis, testing hypothesis, and answering the research questions. Data can be obtained from primary and secondary sources. However, in some cases the research would be restrained due to some information not being publicly available.

Of the several techniques used for data collection a survey was deployed, as the most appropriate technique to gather data. The survey enabled a large amount of data to be collected from a sizeable population in a quick and economic way. A questionnaire can be described as the technique whereby each person is asked to respond to the same set of questions that are in a predetermined order (Webb, 1999). Miller (1991) also supports this idea, claiming that closed-ended questionnaire is an easy way to interpret answers where the respondent is asked to select answers from a brief list. This facilitates the standardization and easy comparison of data. It must be noted

that both, data in the literature review as well as data obtained from the survey questionnaire will be analysed to arrive at a conclusion that satisfies the research questions.

The sequence of questions in the questionnaire should be such that the respondent is led from questions of a general nature to those that are more specific, and from questions that are relatively easy to answer to those that are progressively more difficult (Malhotra, 1996).

The study's survey has aimed to incorporate the following features to meet the specific requirements of the projects:

- Specific objectives, these may be in terms of points that the survey should achieve and should be kept relatively simple;
- Questionnaire that entails straightforward questions that extract consistency and accurate information;
- A research design that includes survey sampling, sampling methods, sample size and the sound choice of population and sample meaning a relatively large unbiased group;
- The appropriate quantitative as well as qualitative analysis and reporting of survey results.

3. 4 Validity:

Answers achieved in this study are considered to be valid as they are achieved through previously accepted data relevant to this field. In addition to this, the answers from the participants in the survey questionnaire are

original and represent the opinions on the subject that stand at the moment.

Content validity ensures that the measure includes an adequate and representative set of items to tap the concept. The more the scale items represent the domain or universe of the concept being measured, the greater content validity. To put it diff