

THE IMPORTANCE OF THE BRAND NAME IN TAKING THE CONSUMPTION DECISIONS. THE CASE OF THE ROMANIAN CONSUMERS

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In the economic literature, the remarks regarding the relationship between the products' brand name and the consumption decisions can be included into a large and various opinions' framework. While some authors argue that the brand plays a more important role in the consumption decision than the price of a product, the label being strongly correlated to a higher quality, others notice that there is a positive relation between the price, the way in which the quality is perceived and the brand loyalty. Due to this conflict of opinions, the purpose of the present paper is to analyze the way in which the individuals' acquisition decisions are influenced or not by the products' brand name, taking the particular case of the Romanian consumers' behavior. The empirical support of this paper is given by an enquiry conducted on a sample of 380 persons from the North-Eastern part of Romania. The research instrument was the questionnaire, which included questions related not only to the long term products but also to the short term ones.

Key words: brand name, price, quality, consumers' loyalty.

In the economic literature, the remarks regarding the relationship between price, quality and the brand name can be included into a large and various opinions' framework. While some authors such as Plantes and Finfrock (2008), Haruki (2005) or Kapferer (2008) argue that, in evaluating the quality of a product, the brand name plays a role more important than the price, others, as for example Snoj, Korda and Mumel (2004) or Palumbo and Herbig (2000), argue that there is a positive correlation between price, the way in which quality is perceived and the brand loyalty. The same idea is also mentioned by Low and Lamb (2000) who consider that, in the case of the branded products, a higher price reflects a superior quality, in this way being justified the fact that some consumers are willing to pay a higher price in order to have these goods. Moreover, it was demonstrated that a superior quality of the branded products will make the clients become loyal on long term, no matter what their price is [2]. Ruyter, Wetzels and Bloemer (1998) also argued the existence of a positive correlation between the branded goods and the consumers' wish of buying them again, in the future.

MATERIAL AND METHOD

Considering the quality offered by the branded goods, Alvarez and Casielles (2005) have analyzed the way in which the price of these goods is perceived to be fair or unfair. When consumers consider that the purchase of these products represents a loss for them, the satisfaction generated by the brand name will diminish and the probability of buying again these goods will reduce. On contrary, as Snoj, Kord and Mumel (2004) also noticed, when the prices of branded products are perceived as fair, they will have a positive impact on customers' loyalty [9]. Therefore, we can say that the perception of the price plays an important role not only in generating satisfaction, after buying the goods, but also in making the clients become loyal, fact that will translate into increased sales and increased profits of those companies. As Aaker (2001) considered, the ability of a company to retain and make loyal the customers is the best way of identifying the value of a brand. The loyal customers are very important for a firm because they allow the reduction of the marketing costs. According to some studies on this topic, attracting new customers is five times more expensive than keeping the existing ones [7].

Consumer loyalty to a particular brand can take two forms: an attitudinal loyalty and a behavioural one [5]. This last one is linked to the consumption behaviour of an individual towards a particular brand, taking the form of an explicit desire of acquiring that good. It is significantly influenced by the attitudinal loyalty, which involves a consumers' favourable position towards a certain brand.

Rowley and Dawes (1999) argue that, in order to understand the individuals' loyalty to various brands, one should analyze three aspects of the consumption behaviour [6]:

- The cognitive element, which is associated to the rational process of decision taking, based on the existent information;
- The affective aspect, correlated to the feelings and emotions particular to a certain product or service;
- The volitive element, related to a certain mood of an individual to purchase a product or not.

In the case of the branded products, it is considered that the most important component from those mentioned above is the affective one, since "all the companies that have a strong brand seek to develop a relationship with consumers that should be so resonant with their identity that they desire or at least agree to be the slaves masters of the brands" [3]. It was noticed that, for these big companies, the production of goods is just a secondary part of the operations. These firms are mainly concerned with the design of some strong images of their brands [4]. Consequently, for the big companies, what it matters is the significance of their products and therefore "the most important advantage of the branding shows up when the companies offer customers not only the possibility to shop, but also to live the real significance of their brands" [3]. Considering these aspects, the brands' inventors are convinced that "the products that will prosper in future will not be those presented as goods, but those presented as concepts" since "the brand is an experience, a lifestyle" [8].

Despite all these, nowadays, the branded products face an increased competition, mainly caused by the emergence of the cheaper private label goods, marketed under the name of the seller. Indeed, several analysts show that, in the last decade, the sales have increased and, accordingly, the market share of low-cost companies that provide products with private labels, both in America and in Europe [12]. The trend can be explained, on the one hand, through the increase in the share of

the price-sensitive consumers [1] and, on the other hand, through the fact that it was gradually abandoned the view according to which the price is an indicator of the quality [10]. This change took place in the context in which the private labels surpassed the state of cheap goods, with a low quality, by gradually improving their quality and yet, having a competitive price. Thus, they aim achieving a favourable image in the consumers' mind [11].

Being convinced that the big corporations are selling images and not products with particular characteristics, Klein (2006) argues that „the branding idea will end up in a saturation point”, moment when all that „have been „stamped” by brand [...] will become against not only to these logos, but also to the control that the corporatist power, as a whole, has on [...] our choices” [3].

In order to determine the importance that the Romanian consumers give to the brand name, we have conducted an inquiry on a sample of 380 persons from the North-Eastern part of Romania. The research instrument was the questionnaire, which included questions related not only to the long term goods but also to the short term ones.

RESULTS AND DISCUSSIONS

A first analysis was focused on identifying the characteristics considered by those surveyed to be the most important ones when purchasing short and long term goods. For both categories of products, it was noticed that individuals take firstly into account the *quality*, followed, on the second place, by the *relationship between price and quality*. We observed that, no matter what it was the level of the income, the age, the sex, the place of residence or the profession, the great majority of the respondents consider that the *brand* is less important compared to quality and price-quality ratio, in the decision of purchasing the durable goods being ranked on the third place, and in the case of the short term products on the fourth place. Surprisingly, although the prevalent level of the respondents' income is medium to low, the *price*, among the aspects that influence their purchase decision, is only on the fourth position in the case of the durable goods and on the third for the short term products.

We do notice the existence of some significant correlations between the importance given by consumers to these four variables - brand, price, quality and price-quality ratio - and the real purchasing of short and long term goods. Most of the people (more than 50%) who consider the quality a very important aspect in the case of the durable goods purchase branded products. On contrary, those for which the quality is a less relevant indicator acquire not only branded durable goods but also private label products, or only the last ones.

A strong relationship was also noticed between the importance given by the respondents to the price and to the brand of the bought products, both in the case of the short term goods – when the values of the qui square test are χ^2 (1, n=338)=26,082, $p=0,001$, $\phi=0,278$ – and of the long term ones - χ^2 (1, n=338)=33,679, $p=0,000$, $\phi=0,316$. Thus, in the case of the short term goods, we noticed that when the price is an important element in taking the decisions, the consumers are mainly focused on private label products. However, in the case of the durable goods, even if the choices of some individuals are based on price, they

opt not only for the private label products but also for the branded ones because, under these circumstances, it is possible that, next to price, another important decision element to be the quality.

CONCLUSIONS

Analyzing the results obtained in the empirical research and the theoretical information existent in the specialized literature, we can conclude that, although some authors consider that the loyalty to the brand name has a greater influence on the purchasing decision than the price, yet, the recent trends of improving the quality of the private label products challenge the preferences, the choices and the consumers' purchasing decisions. This challenge takes place because it was noticed that there is a maximum price level that people are willing to pay for the branded products. Therefore, to be successful, the private label goods must have a high quality in order to increase the consumers' price sensitivity.

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