

# **The Impact of Brands on Consumer Purchase Behaviour**

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**Kotler, Philip, and Kevin Lane Keller. 2013. Marketing management. 4th ed. Praha: Grada.**

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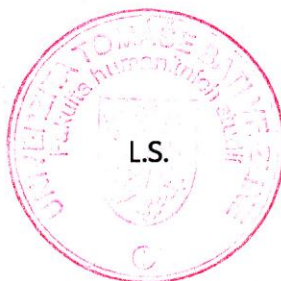
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## **ABSTRAKT**

Cílem této bakalářské práce je zjistit, zda má značka vliv na kupní chování spotřebitele. Tato práce je rozdělena na dvě části - teoretickou a praktickou. Teoretická část je zaměřena na informace týkající se branding, značkové politiky a kupního chování spotřebitele. V praktické části jsem provedla dotazníkový výzkum. Cílem tohoto výzkumu bylo zjistit, zda je kupní chování ovlivněno faktory, jako je věrnost značce, společenské postavení, vysoká cena a vnímaná kvalita produktů luxusních značek.

Klíčová slova: značka, branding, chování spotřebitele, rozhodovací proces, luxus, kvalita, cena, věrnost, marketing

## **ABSTRACT**

The aim of this bachelor thesis is to determine whether the brand has impact on consumer purchase behaviour. The thesis is divided into two parts - theoretical and practical. The theoretical part is focused on information concerning branding, brand policy and consumer purchase behaviour. In the practical part, I made questionnaire research. The purpose of this research was to find out if consumer behaviour is influenced by factors such as brand loyalty, social status, premium price and perceived quality of luxury branded products.

Keywords: brand, branding, consumer behavior, decision making process, luxury, quality, price, loyalty, marketing

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# CONTENTS

<b>INTRODUCTION .....</b>	<b>9</b>
<b>I THEORY .....</b>	<b>10</b>
<b>1 BRANDING.....</b>	<b>11</b>
1.1 History of Branding .....	11
1.2 What Is Brand? .....	11
1.3 Luxury Brands .....	12
1.4 Importance of Branding .....	12
1.5 Types of Brands .....	13
1.5.1 Manufacturer's Brands .....	13
1.5.2 Private Brands.....	13
1.5.3 Licensed Brands.....	13
1.5.4 Co-branding .....	13
<b>2 CREATING A SUCCESSFUL BRAND.....</b>	<b>14</b>
2.1 Brand Equity .....	14
2.1.1 Brand Name Awareness .....	14
2.1.2 Brand Loyalty .....	14
2.1.3 Perceived Quality.....	15
2.1.4 Brand Associations .....	15
2.2 Brand Positioning .....	15
2.3 Brand Identity .....	17
2.3.1 Four Perspectives of Brand Identity .....	17
2.4 Elements of Brand .....	19
2.4.1 Name.....	19
2.4.2 Logo.....	19
2.4.3 Slogan .....	19
2.4.4 Representative .....	20
<b>3 CONSUMER PURCHASE BEHAVIOUR .....</b>	<b>21</b>
3.1 Model of Consumer Behaviour .....	21
3.1.1 Cultural Factors .....	22
3.1.2 Social Factors .....	23
3.1.3 Personal Factors.....	25
3.1.4 Psychological Factors .....	26
3.2 Consumer Decision Process .....	27
<b>4 MARKETING RESEARCH.....</b>	<b>29</b>



4.1	The Marketing Research Process.....	29
4.2	Questionnaire Survey.....	30
<b>5</b>	<b>SUMMARY OF THE THEORETICAL PART .....</b>	<b>32</b>
<b>II</b>	<b>ANALYSIS .....</b>	<b>33</b>
<b>6</b>	<b>INTRODUCTION TO PRACTICAL STUDY .....</b>	<b>34</b>
<b>7</b>	<b>RESEARCH ON CONSUMER BEHAVIOUR TOWARDS LUXURY BRANDS.....</b>	<b>35</b>
7.1	The Research Project and the Research Objective .....	35
7.1.1	Research Questions.....	35
7.2	Research Methods.....	35
7.3	The Research Sample .....	36
7.3.1	Gender Structure.....	36
7.3.2	Age Structure .....	36
7.3.3	Education Structure .....	37
7.3.4	Current Social Status .....	37
7.4	Course of the Research .....	38
7.5	Results of the Research.....	39
7.5.1	Questions Oriented on Brands and Purchasing Brands .....	39
<b>8</b>	<b>EVALUATION OF THE FINDINGS AND RECOMMENDATIONS .....</b>	<b>50</b>
<b>9</b>	<b>SUMMARY OF THE PRACTICAL PART.....</b>	<b>52</b>
	<b>CONCLUSION .....</b>	<b>53</b>
	<b>BIBLIOGRAPHY .....</b>	<b>54</b>
	<b>LIST OF FIGURES .....</b>	<b>56</b>
	<b>APPENDICES .....</b>	<b>57</b>

## INTRODUCTION

In this thesis I will deal with the issue of branding policy and consumer purchase behaviour. The thesis is divided into two parts - theoretical and practical. The first chapter of the theoretical part includes information about branding, its definition, and the history. Further, I will define luxury brands, why is branding important, and types of brands. The second chapter draws attention to the value of the brand. Brand value cannot be judged only by well-known name and other visible attributes. The brand must be viewed more comprehensively. I will also mention brand positioning. Positioning of the brand represents the way in which brands and products are perceived by consumers as compared with competing products. I will focus more on brand identity, as it has great importance for the brand itself, and I will mention four perspectives with which we can access to the brand. Further, I will describe the elements of the brand. In the third chapter I will deal with consumer purchase behaviour, what influences consumer from the external environment and what motivates him inside. I will present the consumers decision-making process and the phases of this process. Finally, I will mention the theory concerning marketing research and questionnaires.

In the practical part, I will create a questionnaire. I decided to construct the questionnaire on luxury brands. Questionnaire on brands in general would be much extended, therefore it is appropriate to be more specific. I set these research questions, which I will examine:

- Are consumers loyal to luxury brands?
- Does social status influence consumer purchase behaviour?
- Does quality associated with luxury brand influence consumer purchase behaviour?
- Does higher price influence consumer purchase behaviour?
- Is luxury brand just about the product?

## **I. THEORY**

## 1 BRANDING

The term brand is nowadays used in our everyday vocabulary and branding has become very important part of business and also entire society. It is more than a logo and name. It represents the personality of the company and it links the company with the audience. (Davis 2009, 12) According to Wheeler, “branding is a disciplined process used to build awareness and extend customer loyalty.” (2009, 6)

### 1.1 History of Branding

Branding has very long history. The oldest evidences came from Ancient Egypt, where the symbols on tombs were recorded. The word is derived from the Norse word ‘brandr’, which means ‘to burn’. This form was used for thousands of years to represent or distinguish the ownership or origin of farmer’s cattle. (Davis 2005, 18) The word ‘branding’ as it is known today started to being used at the end of the 19<sup>th</sup> century with the improvements and manufacturing during the industrial revolution. Wide range of products was available to ordinary people, competition between suppliers was introduced, and technological inventions led to mass-marketing of consumer products. Brands known from this period are for example Coca-Cola drinks, Kodak film, Heinz, American Express and many others. (Clifton and Simmons 2003, 15) As Davis notes, “by the early 20<sup>th</sup> century people became defined by what they bought”. (2005, 18) By the 1990’s, branding was omnipresent and the wide range of products tended to confuse consumers, so branding was used for distinguishing of similar products. (Davis 2005, 20)

### 1.2 What Is Brand?

There are many definitions what the brand is and accurate definition is difficult. According to The American Marketing Association, brand is defined as “a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors.” (Kotler and Keller 2006, 274) According to Davis, “the brand is the promise of something. That something is intangible; it could be a guarantee of quality, a sense of prestige, or of heritage.” (2005, 16) Kotler et al. also claim that “brands are viewed as the major enduring asset of a company, outlasting the company’s specific products and facilities”. (2005, 555) Brands also represent what products or services mean to the consumer, what are their

feelings and attitudes. Therefore, brands are very important assets that must be well-developed and controlled. (Kotler et al. 2005, 555)

### 1.3 Luxury Brands

Because the practical part of this thesis is focused on luxury brands, it is important to define, what luxury brands are. According to Heine, “luxury brands are regarded as images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity, extraordinariness and a high degree of non-functional associations.” (Heine 2011, 60) Therefore, every luxury brand can be described by these characteristics:

- **Price** - brands offers the most expensive products of their category.
- **Quality** - the aim of the brand is to create everlasting top products.
- **Aesthetic** - wherever is brand seen, it represents the world of beauty and elegance.
- **Rarity** - the production is limited in contrast to mass-market brands. Brand is hard to get and is not available in all places.
- **Extraordinariness** - the brand has a mind and style, and its products offer something extra.
- **Symbolism** - the brand is the best from the best, it has charisma. (Heine 2011, 60-61)

### 1.4 Importance of Branding

Every single business, no matter the size, needs a brand. The brand is the voice of the business. It communicates to consumers and potential customers. Branding is also important, because it affects our everyday life and it has an impact on our lives because brands are the part of our everyday choices and decisions. Branding helps companies to differentiate them from each other in competitive environments. (Davis 2005, 32) Branding also promotes recognition because consumers tend to buy brands that are familiar with. If consumers recognize a brand that they have previously used and they remember being satisfied with it, then they are more likely to choose that product or service again. Consumers will become loyal and dedicated to the brand over time and that is exactly what makes the business valuable. (Kotler and Keller 2013, 280)

## **1.5 Types of Brands**

When manufacturer need to make a decision about sponsorship, there are four choices. Product can be introduced as a manufacturer's brand, private brand, licensed brand or co-brand.

### **1.5.1 Manufacturer's Brands**

Manufacturer brand (or national brand) is a brand that is sold under the name of the producer. It is the brand created and owned by the manufacturer. These brands dominated in the retail scene for a long time, however supermarkets and discount stores started to increase, and therefore, private brands began to develop. (Kotler et al. 2005, 561)

### **1.5.2 Private Brands**

Private brand is a brand owned not by a manufacturer or producer but by a reseller who gets its products made by a contract with manufacturer. Private brands also provide exclusive products which cannot be sold by competitors, and it brings loyalty of customers. There is also advantage for retailers. They decide what products will be stocked and they also provide lower price than producers. (Kotler et al. 2005, 561)

### **1.5.3 Licensed Brands**

Licensed brands mean kind of licensing, the leasing of a brand name to other company than the owner of that particular brand, pay for an agreed fee or royalty. It takes years of hard work and huge amount of money to create own brand and therefore, some companies license names and symbols which are created by other producers. (Kotler et al. 2005, 562) For example, fashion sellers pay fees to sell products with names and initials of famous designers such as Dior, Chanel or Gucci.

### **1.5.4 Co-branding**

Co-branding means brand partnership. It occurs when two or more brand names work together in creating a new product, for example cell phone created by Armani and Samsung. It brings advantage that each brand dominates in different category and their combination has higher value and very good brand equity. (Kotler et al. 2005, 564)

## 2 CREATING A SUCCESSFUL BRAND

### 2.1 Brand Equity

Brand equity is important for us to be able to see the brand more comprehensively and do not judge the brand only by name, symbol and other visible attributes. This is particularly important when the relationship between brand awareness and customer purchase feedback is examined. Brand equity “defines value of the brand and can refer to two understandings of brand value, namely a strategic, subjective understanding of brand equity as a financial, objective expression of the value of the brand.” (Heding and Knudtzen 2009, 11) Financial understanding means how the brand is valued and subjective understanding is connected with how consumer perceives the brand. Another definition is: “Brand equity is a set of assets (and liabilities) linked to a brand’s name and symbol that adds to (or subtracts from) the value provided by a product or service to a firm and/or that firm’s customers.” (Aaker 2002, 7-8) According to Kotler et al., brand equity is “the value of a brand, based on the extent to which it has high brand loyalty, name awareness, perceived quality, strong brand associations, and other assets such as patents, trademarks and channel relationships.” (2005, 555) The brand equity represents how consumers perceive the brand and how the knowledge of the brand influences the relationship between consumer and the brand. (Vysekalová 2004, 139)

Main categories of brand equity are:

#### 2.1.1 Brand Name Awareness

Brand name awareness gives a report about strength of the brand in consumer’s mind. It is considered as a success, even if the consumer does not know the circumstances in which exactly met the brand, which products are represented by the brand, what is the message of the brand, how it differs from other brands, etc. Nevertheless, the fact of brand awareness creates a positive respond in consumer’s mind. (Aaker 2002, 10)

#### 2.1.2 Brand Loyalty

Brand loyalty is important aspect of the strong brand, because it is expected that loyal consumers create very predictable sales and flow of profit. Consumer loyalty is therefore the key word for a strong and successful brand. For companies, it is necessary to build relationships with consumers, especially with existing ones because it is less expensive to maintain loyal consumers than to acquire new ones. (Aaker 2002, 21)

### **2.1.3 Perceived Quality**

Perceived quality is the main engine in economic output, and for many companies quality management has been the foundation of their activities. Many companies consider quality as one of its primary values and include it into the basic reasons for the existence of the company. In addition, the field of their competitors and their status is for many brands defined by perceived quality. Some brands are based on price; others rely on prestige or an added value. Within these categories, the position of the perceived quality is often what defines a distinction between different brands. Perceived quality is usually the foundation of what customers buy and also reflects the good of the brands. Therefore, companies should protect their brands from bad reputation due to low quality products. (Aaker 2002, 17-19)

### **2.1.4 Brand Associations**

Brand associations are all connections that customer thinks of, in connection with name of the brand (specific characteristics of the product, advertising, logo, etc.) On the background of these associations is brand identity. (Aaker 2002, 25)

To sum up, brands which gained high loyalty, name awareness, which are perceived by consumers as a high quality, evoke strong associations and give consumers additional benefits, have higher brand equity. (Kotler et al. 2005, 556)

## **2.2 Brand Positioning**

Positioning of the brand represents the way in which brands and products are perceived by consumers in comparison with competing products. As Wheeler claims, “positioning evolves to create openings in the market that is continually changing, a market in which consumers are saturated with products and messages.” (2009, 14) Since the society is overwhelmed by the amount of different information, it is almost impossible for consumers to re-evaluate each product with every new decision. Therefore, consumers divide products into categories to make their buying decision easier. This means that they allocate them to various positions in their imagination - this is a summary of the feelings, impressions and feelings about the product and it allows the differentiation from competitors. Companies should avoid the four basic mistakes while defining the positioning or they risk that their statements will just confuse consumers, or that consumers will no longer trust their communication. According to Kotler et al., positioning errors can be as follows:



- **Underpositioning** - company will not reach the positioning. The impact of this error is that consumers have a very vague idea about the brand.
- **Overpositioning** - it occurs if the company gives consumers a very narrow picture of the brand or the company itself. Consumers can have the feeling that, for example, the company specializes in only a small group of consumers and provides prestigious and expensive services.
- **Confused positioning** - becomes, if the company changes announcements of the brand too often in an effort to attract more consumers. The announcements can then be confusing for consumers, because they are poorly oriented in whether they belong to the target group or not, and may pull them away from the brand.
- **Implausible positioning** - occurs when a consumer cannot believe the content of the advertising message. (Kotler et al. 2005, 443-444)

Positioning of the brand is important in the sense that it helps the company to sort out what it wants to achieve in relation to the products and services, how the products will be perceived by consumers, and it allows to focus on communication regarding to the characteristics of the product in the right direction. If the company considers that it can offer consumers some diversity, it is worth presenting this diversity, if the company meets the following criteria: (Kotler et al. 2005, 445)

- **Importance** - diversity provides high benefits to consumers.
- **Distinctiveness** - the difference is not offered by competing companies, or company offers a difference in distinctive way.
- **Superiority** - the consumer has greater benefit from the use of the product or service with a difference than from the use of other products.
- **Communicability** - the difference is perceived by consumers.
- **Pre-emptive** - competitors cannot imitate the difference.
- **Affordability** - consumers can afford to purchase the difference.
- **Profitability** - difference enables to produce profits.

## 2.3 Brand Identity

Brand identity gives direction, purpose and meaning of the brand. It is what brand should represent in the consumer's mind. It significantly contributes to the strategic brand management and forms the heart and soul of the brand. As Hedging and Knudtzen claim, "the brand identity is hence something that the marketer 'has' as well as something he tries to create through the right brand strategy." (2009, 13) The identity can be divided into core and extended identity. The core identity is the timeless essence of the brand and it forms the core of brand identity. It is the foundation for both the importance and success of the brand. It remains constant even when the brand expands with products into new markets. The core identity consists of faith. The extended identity completes the full image of the brand identity. It is formed also by how the company is presented externally - what are the marketing activities, etc. The greater the extended identity is, the brand is stronger, easy to remember, and is interesting for consumers. (Aaker 2002, 68-69)

### 2.3.1 Four Perspectives of Brand Identity

The brand can be viewed by the depth of identity as a product, organization, person or symbol. Companies do not need to use all four perspectives. They help to clarify the different elements of the brand for strategic management. (Aaker 2002, 78)

- **The brand as a product** - "product-related associations will be almost always an important part of the brand identity because they are directly linked to the brand choice decisions and the use experience". (Aaker 2002, 78) The basic element of brand identity is usually the association between the product and the brand, and whether it is a two-way association. For example, when we mention the brand BMW, consumers are likely to think of a car. Quite a different situation is that if consumers think of the brand BMW when they need it to buy. This second association is more important. Another way how consumers prefer the brand associated with a product could be that the product can offer something extra (for example related services). The consumer can also make a decision according to the quality, which could be considered as an attribute of the product separately as well. Aaker claims that "many brands use quality as a core identity element". (2002, 81) Companies can apply the policy of a minimal level of quality in order to stay in business at least, or quality as a crucial competitive advantage (the brand with the

highest quality wins). Some companies are trying to ensure to provide high quality for the consumer at an affordable price. Other associations with the product can be connected with specific use occasions of the product, with users, and country or region. The first-mentioned association means that some brands successfully own use occasions of the product, such as Starbucks. Association with the user means that certain products are associated with the lifestyle of consumers. For example, Adidas and Nike are focused on consumers who prefer a sporty style. Another option is to associate the brand with a country or region. For example, the French brand Chanel, the Czech brand Škoda, etc. When we focus on a class of the products, we can say that there are designated areas where individual countries excel - French fashion, Swiss quality, etc. (Aaker 2002, 81-82)

- **The brand as organization** - this approach does not cover products and services, but the organization itself. The organization represents a system of values, for which customers are loyal to the brand and admire it. These are the values such as innovation, attention to quality, company culture, etc. “Organizational attributes are more enduring and more resistant to competitive claims than are product attributes.” (Aaker 2002, 83) It is much easier to imitate product than the organization formed with a working system. The philosophy of the organization is also applied to a wide range of products. Another advantage is that once the consumer is satisfied with one type of product, he or she feels confident to other products of the same company. (Aaker 2002, 83)
- **The brand as person** - this attribute is for some consumers surely more interesting than identity based on the attributes of the product. A brand can be perceived like personality - a modern, entertaining, youthful, impressive, professional, etc. Brand personality “can help create a self-expressive benefit that becomes a vehicle for the customer to express his or her own personality”. (Aaker 2002, 83) A relationship with the consumer can be also established through the brand. For example Mercedes Benz can remind admired and well-off person. (Aaker 2002, 83-84)
- **The brand as a symbol** - gives identity a coherence, structure and facilitates its recognition. There are three types of symbols - visual design, metaphors and traditions. The visual aspect relates primarily to company logos. It is important that the logo is remembered well. Just a glimpse of the brand and consumer reminds it.

Symbols are more effective if the metaphor is contained. For example Microsoft used a window. (Aaker 2002, 84-85)

## **2.4 Elements of Brand**

Brand elements are instrumentals toward identification and differentiation, and brands are distinguished by the way they are presented by these elements through their style. They should be easy to recognize, they should be descriptive and persuasive. These elements can be perceived verbally or visually. During the brand development it is important to think about the largest amount of these elements and their usability, because they play important role in creating brand equity.

### **2.4.1 Name**

Name of the brand can lead to success in the marketplace. But it is not easy to find suitable name and it can be difficult task. Name has also emotional value because it brings feelings and facts about the brand to the mind. Successful name has to be unique, easy to remember and it should cause attention. It should be transferable to a wide range of products and geographic locations, it should have permanent meaning and it should be protected both legally and against competition. (Wheeler 2009, 20)

### **2.4.2 Logo**

Logo is another element which creates the brand. Properly chosen logo helps in building brand awareness and associations of consumers. The visual representation of the brand is bringing faster imagination of the brand and its associated connotations than just a brand name. Rendering can be varied. It can be written word (such as Google), accompanied by a symbol with meaning (e.g. Microsoft - windows) or completely abstract symbol (e.g. Mercedes Benz - a circle with a star). Contrary to the name, there may occur changes and upgrades in logo (called rebranding), which is mainly done in an effort to alter the perception and brand positioning. (Wheeler 2009, 51)

### **2.4.3 Slogan**

Slogan is primarily used for assignment of the brand to the correct category of products or services and it tells descriptive or persuasive information about the brand. This all helps to grasp the meaning of the brand. Slogans are usually in a form of short sentences, or they can be shortening up to only two-word combination.

#### 2.4.4 Representative

A representative of the brand, whether it is a well-known personality, the owner of the company or the animated mascot, brings the brand a human face and human characteristics, which mainly helps to more personal contact with the brand. An example might be Steve Jobs and Apple. (Wheeler 2009, 64)

It is necessary to put these few elements mentioned above into one coherent set representing one brand. Therefore, Kotler and Keller list six basic criteria which are important for selecting individual elements of the brand and represent brand as a one unit. Elements have to be:

- **Memorable** - It plays a key role because it is a guarantee of achieving a high level of brand awareness. If the elements are easy to imagine, they are engraved into awareness and they are easily recognizable from competitors.
- **Meaningful** - It lies in the logical connection of brand elements to the main categories of products or services that brand represents. The inner meaning of the elements supports the required brand associations.
- **Likeability** - is based on aesthetically attractive features. Both the visual and verbal representations should be interesting.
- **Transferable** - Transferability of brand elements should work mainly geographically and culturally in cases when the company is considering expansion into non-domestic markets. Brand may be sometimes extended to another product lines.
- **Adaptable** - Adaptability of element appearance lies in the possibility to update and modernize the brand. As well as the evolution of consumers and their attitudes, brand must be also developed and updated.
- **Protected** - Since the trademarks, slogans and graphics have been legally protected for a long time, it is necessary to choose such elements which has not been registered by other company. Protection ensures the reduction of imitation and differentiation from competitors. (Kotler and Keller 2013, 288)

### 3 CONSUMER PURCHASE BEHAVIOUR

#### 3.1 Model of Consumer Behaviour

Consumer behaviour is explained, for example, in one of the models of Kotler et al. The following figure includes the effects of cultural, social, personal and psychological stimuli on the consumer's "black box".

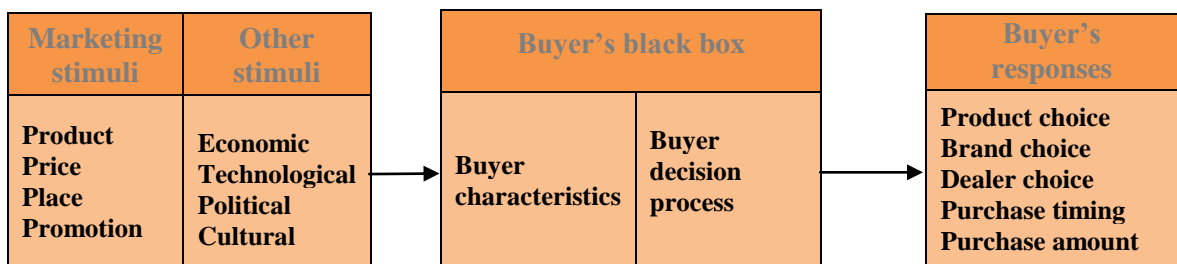


Figure 1. Model of Buying Behaviour (Kotler et al. 2005, 255)

The figure shows the *marketing stimuli* and *other stimuli* entering the consumer's "black box", where they are formed. Then they are further processed by the consumer and then introduced to a reaction in the form of purchase decision, where the consumer has to decide about the choice of the product, about the brand, retailer, amount and the purchase must be timed. Marketing stimuli are called 4P - product, price, place, promotion. Other stimuli include the main influences of consumer's macro-environment (economic, technological, political and cultural factors). Marketing stimuli 4P are known under the term *marketing mix*, which represents a set of tools through which the characteristics of services that are offered to customers are formed by a manager in the company. (Kotler and Armstrong 2004, 105) An overview of individual components is following:

- **Product** - is everything what the company offers to consumers to satisfy their material and intangible needs.
- **Price** - represents the amount of money that the consumer must spend to acquire the product.
- **Place** - includes all activities that are aimed to make the product physically available for the target consumer.

- **Promotion** - includes all activities aimed at ensuring that the consumer is familiar with the product and want to purchase the product. (Kotler and Armstrong 2004, 106)

The following figure shows in detail how the cultural, social, personal and psychological factors are involved in consumer purchasing behaviour. Each influence snowball on each other and in the end consumer carries out the decision which came out as the sum of all more or less active influences. Individual factors are described in detail in the following subchapters.

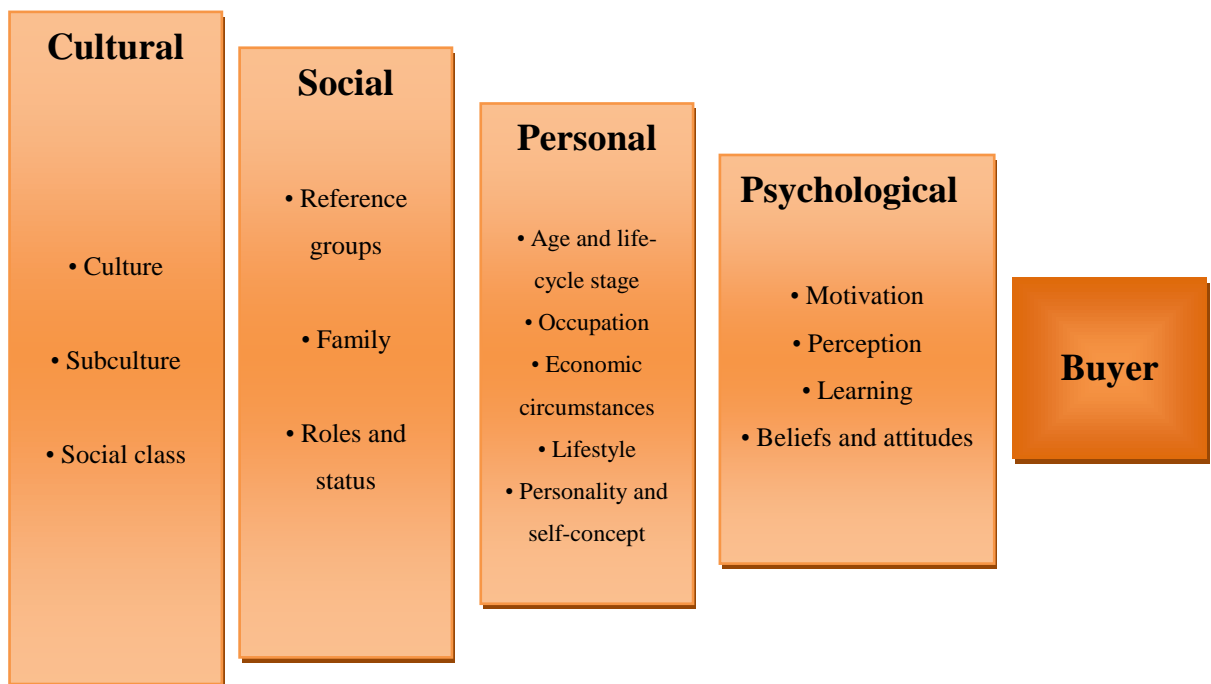


Figure 2. Factors Influencing behaviour. (Kotler et al. 2005, 256)

### 3.1.1 Cultural Factors

Cultural factors predetermine how the consumer access to consumption of goods and services. Customs and traditions play a role that forms the culture of the company. The culture creates and forms human personality already from the birth. Cultural factors have the widest and most profound impact on consumer behaviour. These factors can be further divided in culture, subculture and social group. (Kotler et al. 2005, 256)

**Culture** is “the set of basic values, perceptions, wants, and behaviours learned by a member of society from family and other important institutions.” (Kotler et al. 2005, 256) Every person is influenced already from birth by upbringing which in different cultures puts emphasis on different values. Marketers are trying to capture the changes in culture. It cause that consumers have an increased interest in new products. For example, the increased interest in healthy lifestyles will lead to higher demand for organic food, sports clothing, etc. (Kotler et al. 2005, 257)

**Subculture** is “a group of people with shared value systems based on common life experiences and situations.” (Kotler et al. 2005, 275) Each culture includes smaller subcultures, which include nationalities, racial groups, religious groups and geographic regions. Purchasing behaviour is influenced by identification with a particular subculture. It is influenced by what food, clothing consumers purchase, how they spend free time. For example, Islam, which has been much expanded in European countries, prohibits the consumption of pork and alcohol, women have a different style of dressing and wear a headscarf. (Kotler et al. 2005, 258)

**Social class** is “relatively permanent and ordered divisions in a society whose members share similar values, interests and behaviours.” (Kotler et al. 2005, 258) Social classes also differ in preference of brands, products, use of leisure time, life style, etc. (Kotler et al. 2005, 258-259) For example higher classes prefer books and magazines, while the lower classes often watch television.

### 3.1.2 Social Factors

Consumer behaviour is also influenced by social factors such as family, social status, a smaller group of people, etc. These factors must be also addressed by companies, as they affect how the consumer will react during buying.

**Reference groups** are “groups that have a direct (face-to-face) or indirect influence on the person’s attitudes or behaviour”. (Kotler et al. 2005, 260) A group to which a person belongs and where is an interaction, is called a membership group (direct influence). And they are further divided into primary group and secondary group. The primary group includes family, friends, neighbours and co-workers. The interaction in this group is



continuous. The secondary group includes religious groups, trade unions and in-groups. Relationships in this group are more formal. Reference groups have such importance for a trader, because they create pressure to conform, which may influence the choice of product or brand (e.g. automobiles, television). The influence of reference groups is also significantly changed during the life cycle of the product. When a new product is introduced, the decision of purchase is heavily influenced by others. In the stage of growth, reference groups influence the choice of the product as well as the brand choice. During the maturity stage, the interest in the product is largest and groups influence the choice of the brand but not the choice of the product. In the decline stage, the influence of groups is minimal. (Graves 2010, 37-38) Attitudes and self-concept of the individual are also influenced by reference groups, because the individual usually wants to fit in the group. (Kotler et al. 2005, 259-260)

**Family** and its members represent the most important primary reference group, which forms consumer behaviour. Individuals get from their parents first opinions in matters of faith, life values, life goals, society, politics, etc. In the family, personality, self-confidence and self-esteem of individual are formed. Previously individual procurement activities and decision-making circuits of gender were earmarked. But today it depends more on who is the dominant partner, respectively who has greater authority or professional knowledge in the family. From a marketing point of view, marketing activities are not targeted on women or men, or those areas that could be gender specific. (Kotler et al. 2005, 261)

**Roles and status.** Each person holds in life a specific role which is linked to certain behaviour. This could be the role of daughter, mother, wife, colleague, or boss. Usually, a man performs several roles at the same time. Each role creates a status that reflects the seriousness with which is perceived in the society. People choose products also according to what corresponds to their roles and status. The perception of status is however also conditioned on geographical area. Successful managers in Japan will certainly prefer different status symbols than managers in Europe. (Kotler et al. 2005, 262)

### 3.1.3 Personal Factors

Some personal factors have great explanatory power on consumer shopping behaviour. Others (e.g. personality and self-awareness) may work with mixed success in predicting consumer behaviour.

**Age and life-cycle stage.** For each age group, typical consumer habits are different. Overall, it can be said that human needs are changing during life. Consumption is also formed according to the life cycle of the family. In addition to life cycle, scientists also distinguish the psychological life cycle of the family. This means that an adult goes through some transitions and transformations during the life. A person may be happy in his or her role, but later can feel unhappy and wants to find new employment. This may be one of the impulses, such as why people are looking for language courses, etc. (Kotler et al. 2005, 263-264)

**Occupation** also influences consumer behaviour. Consumers buy products needed for pursuit of their profession. Consumers can be divided by profession into groups that have similar interests and needs. (Kotler et al. 2005, 265)

**Economic circumstances** have a big impact on whether the consumer will purchase the product. Consumer's economic circumstances, in addition to net revenues and savings, also consist of the option to borrow money. Traders should monitor goods that are sensitive to the size of income, permanent trend of income, savings and interest rates. If these economic indicators suggest a decline, prices must be immediately recalculated to avoid loss of contact with the customer. (Kotler et al. 2005, 265)

**Lifestyle** is "a person's pattern of living as expressed in his or her activities, interests and opinions". (Kotler et al. 2005, 265) It is particularly important for targeting ads to target groups. For each group will be a different lifestyle.

**Personality and self-concept.** Personality is "a person's distinguishing psychological characteristics that lead to relatively consistent and lasting responses to his or her own environment." (Kotler et al. 2005, 268) If we could research a relationship between human personality and the choice of products, personality would be useful variable in the analysis of consumer's behaviour. Self-awareness is a term related to the term of personality. It

expresses the idea of a person about himself. In reality, however, the actual self-awareness of man blends with his ideal self-awareness (which he would like to be) and the concept of others (how he thinks others see him). It is therefore difficult in this connection to predict a customer's response to the image of the product and the brand. (Kotler et al. 2005, 268)

### 3.1.4 Psychological Factors

**Motivation.** When searching for reasons of motivation, we must start with the needs of individuals. At first, needs have to be distinguished between the biological needs, which are caused by physical needs (hunger, thirst, cold, discomfort), and psychological needs, which are perceived as a need for recognition, esteem, belonging, self realization, etc. (Graves 2010, 79) Especially psychological needs do not appear immediately. The need has to acquire a certain level of intensity. Only then becomes the motive. Motive is “a need that is sufficiently pressing to direct the person to seek satisfaction of the need” (Kotler et al. 2005, 269). Literature provides a huge quantity of motivation theories. The most famous include Maslow motivation theory. A. Maslow developed the pyramid of needs, which form the basis of physiological needs and the peak rising safety needs, social needs, esteem needs and at the top is cognitive needs. (Kotler et al. 2005, 269)

**Perception** is “the process by which people select, organise and interpret information to form a meaningful picture of the world” (Kotler et al. 2005, 273). The surrounding is perceived through sight, hearing, touch, smell and taste. Each individual perceives these sensations in another way. Companies must expend a great effort to get their message into the subconscious mind of people. (Graves 2010, 54)

**Learning** is the result of current human behaviour and helps in making purchasing decisions. Customer gets it through the interaction of drives, stimuli, suggestions, responses and reinforcement. If a customer will buy the next product based on previous good experience with the brand, we call this generalization. Conversely, if the customer learns to recognize the differences between competitors, another product can be chosen from another company, even though the brand has a previous good experience, but second product has better properties. This is called discrimination. (Kotler et al. 2005, 274)

**Beliefs and attitudes.** How people perceive the product (how much they are convinced of its qualities) is very important for companies, as it reflects the image of the company in society. When brand product reports that it is high quality, it can be supported by serious research, opinions of others, or people may simply believe that this is so. Attitudes of consumers also influence the degree of acceptance by the customer. (Kotler et al. 2005, 274-275)

### 3.2 Consumer Decision Process

The actual process of consumer decision making is seen in the figure below:



Figure 3. Buyer decision process. (Kotler et al. 2005, 279)

At first, the consumers must recognize a problem that had arisen in their life, and then recognize the new need with it. A person may see a television advertisement for a luxury car, which inspires him or her for making a purchase. Further, consumer will proceed to the second phase, which is searching for information. Consumer can use different information sources, e.g. visiting stores, searching on the internet, reading magazine articles or asking friend. (Kotler and Keller 2013, 205) Consumer finds offers of several car dealers, selects information which are then compared and evaluated in the following step - evaluation of alternatives. Quality will be compared from different aspects. It can be price, image, references, etc. Because each person is an individual and different factors are important for him or her, certain importance is assigned to individual items. Sometimes the consumer makes decision only by one factor - such as price. In this step, the consumer sorts out the priorities and compares them according to individual cars. Based on the comparison of alternatives, the most suitable product (specific car) is chosen. However, before a purchase itself, factors shown in the following figure can intervene to consumer's decision:

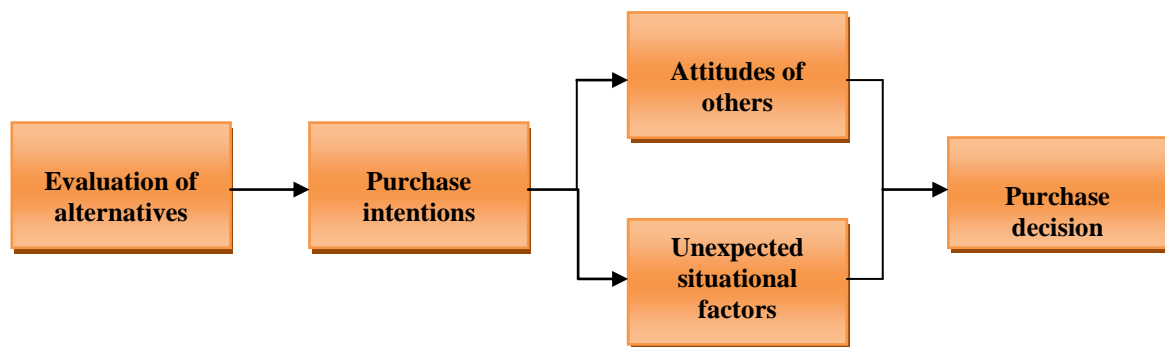


Figure 4. Steps between evaluation of alternatives and a purchase decision

(Kotler et al. 2005, 285)

As the figure indicates, between purchase decision and intention, there are two factors that can have an effect. One of them is the attitudes of others. For example, wife of the consumer will insist on buying a red car. It depends on the personality of the consumer, if his wife's insistence will have impact on it. The second is the unexpected factors, which include all of the sudden circumstances that may affect the purchase decision of the product, even if the consumer has made the decision (e.g. loss of job). The whole decision process is completed with the result of the consumer, which means that the consumer bought a car, drives it and enjoys what he wanted. Purchase of a product is closely related to a subsequent evaluation of the product after the purchase - expression of customer's satisfaction with the product, evaluation of product quality. (Kotler and Keller 2013, 209-210)

Generally, the way with which the brand gets to the customer, we can see by following steps: (Vysekalová 2004, 136)

1. **The familiarity** - a brand must penetrate into the subconscious of consumers.
2. **Image / sympathy** - a brand must be nice and desirable to customers, it must have a positive attitude.
3. **Shopping emergency** - positive attitude will result in a shopping emergency

If these three steps are completed, we can be said that a brand has arrived to the consumer.

## 4 MARKETING RESEARCH

Marketing research is the function that connects consumers with the company and because of it we get the relevant qualitative and quantitative answers to the questions not only from the field of marketing and management, but also from the field of competition and consumer behaviour. (Kotler and Armstrong 2004, 227)

### 4.1 The Marketing Research Process

This process consists of four steps - defining the problem and research objectives, developing the research plan for collecting information, implementing the research plan and interpreting and reporting the findings.

**Defining problem and research objectives** - marketing research process begins with the formulation of research objectives. The core is the understanding of the problem. After a careful definition of the problem, research objective must be clearly defined. (Příbová 1996, 26)

**Implementing the research plan** - once the problems and research objectives are defined, there must be clearly stated what information is required, and the plan must be compiled. The plan includes research, research methodology, the definition of the research context (location, respondents, time, etc.), but also creation of own materials for implementation. (Kotler and Armstrong 2004, 228)

**Realization of the research, collecting information and data analysis** - this process involves the collection, processing and analysis. In marketing, we work with secondary and primary data. Secondary data include information that already exist or have been collected for other purposes. Examples are various statistical reports, catalogues, registers, databases. Contrary, primary data are collected for a specific purpose within the research project. (Kotler and Armstrong 2004, 230) After deciding that the project will work with primary sources, the technique of data collection must be decided. The choice is between polling, observation and experimentation. It is also important to decide how respondents will be interviewed (in writing, personally, by telephone). Further, data gathering follows, but this still does not explain the problem itself. Data processing and analysis lead to explaining the results, including interpretation and explanation of the results (Příbová 1996, 26-27)

**Implementing the research plan and interpreting and reporting the findings** - the last step is the preparation and presentation of the final report, when obtained data of marketing

research should be seen in a broader context and causes of the findings should be identified. (Příbová 1996, 27)

## 4.2 Questionnaire Survey

When collecting data for quantitative research, the method of questioning dominates. The basis of questioning is asking questions to the respondents. Primary data are obtained from their answers. This method is useful especially for obtaining information such as people's knowledge about some fact, their attitudes, preferences or purchasing behaviour. (Kotler and Armstrong 2004, 238-239) The process of creating questionnaire can be divided into several stages that condition each other:

**Creating a list of information that the questioning should bring** - answer to the question of what we will ask is based on established research objectives

**Determination of questioning method** - questioning can be done in writing, by phone, personally or on-line. Personal questioning has many advantages, such as high returns and the opportunity to inquire about the challenging topics. But higher costs, demands are linked with it. Written questioning is used for the purposes of the preliminary research, mapping the situation when it comes to getting a wide range of opinions, experiences, idea. Telephone questioning is one of the best methods of obtaining information. Telephone interview facilitates the contact of the interviewer with the respondent. Questioning via internet has become more widespread. It is an internet observation, experiments and on-line study groups. (Kotler and Armstrong 2004, 240-241)

**Specification of target groups of interviewed people and their selection** - it is necessary to determine who will be the respondent. This decision is important for the formulation of input questions, the use of technical terms. (Příbová 1996, 77)

**Construction of questions to obtain the requested information** - The construction of the question involves the choice of words and stylization. The specific form is based on the precise content of the information which is expected and a range of possible answers. According to possible options of answers, open, closed and semi-closed questions are distinguished. Open questions allow more comprehensive responses. Closed questions only allow selection of the required options. Semi-closed question is a compromise, when there are prescribed variants of answers and a comprehensive group at the end. (Příbová 1996, 77) A specific example is the range. It is a form of question that we ask the respondent to

express the research problem in a certain continuum, it means attitude, opinion, consumer behaviour, etc. (Příbová 1996, 79)

**Construction of the whole questionnaire** - each questionnaire should have a logical structure, dynamics, which helps keep the attention of the respondent. When constructing the questionnaire, we must take into account the importance of the function of individual questions in the questionnaire, and the degree of structuring the questionnaire. Questions should be arranged in a certain sequence, so that from the respondent's point of view forms a logical unit that supports the continuity of the conversation. (Příbová 1996, 82)

**Pilotage** - it is a part of preliminary research, in which a small sample of surveyed people is verifying accuracy, clarity and appropriateness of the formulated questions in a questionnaire. (Příbová 1996, 84)



## **5 SUMMARY OF THE THEORETICAL PART**

To create a suitable theoretical background to support the goal of the thesis, I was dealing with some basic aspects of branding, which was drawn from literature. In the first chapter of the thesis, I mentioned some facts about history of branding. I also defined the term brand and branding and why is branding important. Because the practical part is focused on luxury brands, this term is also described to help us understand it better. Because the brand must be viewed more comprehensively, in the second chapter, I described the brand equity, positioning of the brand and brand identity. I also mentioned the elements of the brand. The third chapter is focused on consumer purchase behaviour and what influences and motivates consumer. The consumer decision process and the phases are also described. The fourth chapter includes theory about the process of the marketing research and the questionnaire survey.

## **II. ANALYSIS**

## **6 INTRODUCTION TO PRACTICAL STUDY**

In the earlier years, purchasing goods was just about acquiring needed goods and services. However, today consumers buy products to reward themselves and they want to satisfy their psychological needs, and make themselves feel good. They purchase products to make a statement, to show off their personality and self-esteem. This practical study is focused on how consumer purchasing behaviour reacts with regards luxury branded products. The study also proves whether is there any interaction between price, quality and brand loyalty with the consumer purchase behaviour.

## **7 RESEARCH ON CONSUMER BEHAVIOUR TOWARDS LUXURY BRANDS**

### **7.1 The Research Project and the Research Objective**

The research intends to find out if consumer purchase behaviour is influenced by factors such as a premium price of luxury branded products, brand loyalty associated with the consumption of luxury brand, social status. The research also intended to evaluate whether perceived quality of luxury branded products has influence on consumer purchase behaviour. The aim of the research was to determine how the brand and branding influences consumers.

#### **7.1.1 Research Questions**

In evaluating the statement, this research attempts to answer following questions:

- Are consumers loyal to luxury brands?
- Does social status influence consumer purchase behaviour?
- Does quality associated with luxury brand influence consumer purchase behaviour?
- Does higher price influence consumer purchase behaviour?
- Is luxury brand just about the product?

### **7.2 Research Methods**

In the implementation of own research, I used the quantitative method of questioning and I used a questionnaire as a tool for a data collection. An appendix P1 provides the questionnaire which includes 20 questions of three types:

- Multiple choice questions - respondents are asked to choose one option from the given multiple choice answers
- Dichotomous Questions - questions that ask respondents to answer in a yes or no
- Likert questions - how strongly respondents agree to a particular statement

The questionnaire is divided into three parts. In the first set of the questions, the general characteristics of respondents (gender, age, education, social status) are included. In the second set of questions, I asked respondents if they purchase luxury brands, how often and if they are loyal. The third part consists of 12 statements about luxury brands and respondents expressed how strongly they agree or disagree with these statements.

### 7.3 The Research Sample

The questionnaire was filled by 180 respondents from the Czech Republic. But those respondents who do not purchase luxury products were not included in the research. The total amount of respondents is therefore 104.

There are four questions in the questionnaire focused on general characteristics of the respondents. These questions provide information about gender, age, education and social status.

#### 7.3.1 Gender Structure

Figure 5 shows gender representation of participants. 43% were men and 57% of respondents who purchase luxury products were women.

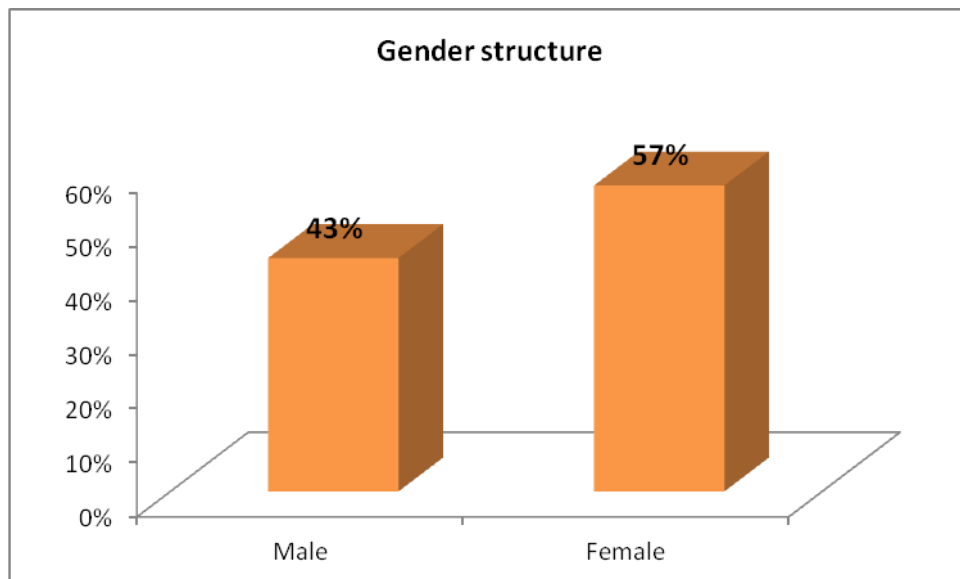


Figure 5. Gender structure (own work)

#### 7.3.2 Age Structure

Respondents were divided into eight age categories. The highest representation according to age had the group of 25-34 (35%), next group was 16-24 (30%), and then 35-44 (23%), another group was 45-54 (8%), and lowest representation had groups of 55-64 and 65-74 (2%), 0-15 (1%) and 75 and above (0%). This question proved that luxury brands are purchased mostly by lower age categories.

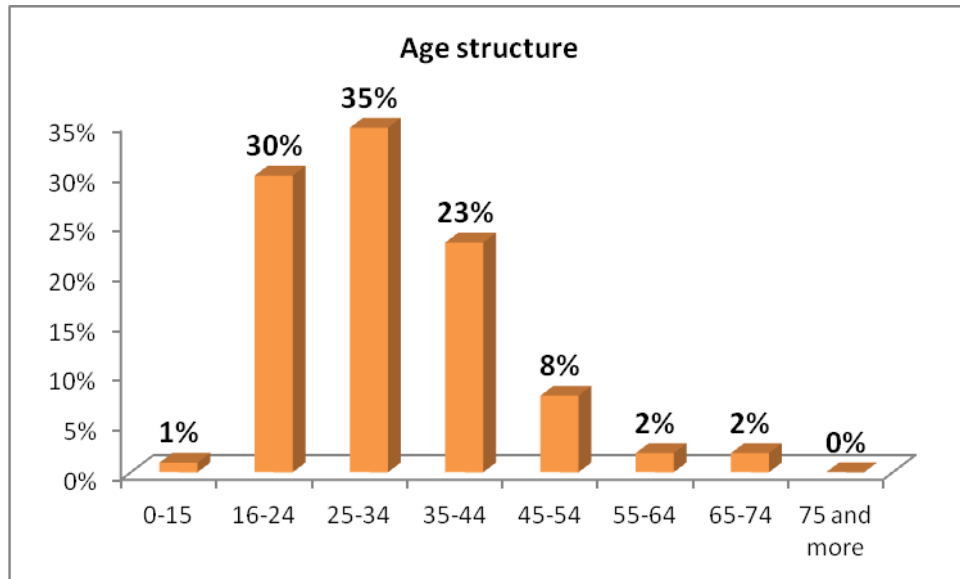


Figure 6. Age structure (own work)

### 7.3.3 Education Structure

Most of the respondents have university education (41%) and secondary education (40%). 12% of respondents have higher vocational education, 4% of them are skilled and 3% have primary education.

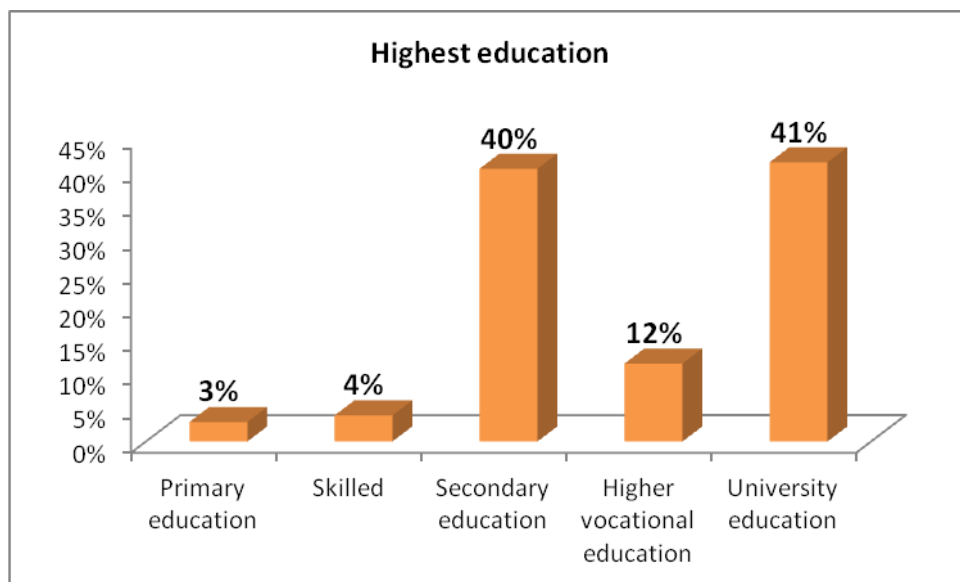


Figure 7. Highest education (own work)

### 7.3.4 Current Social Status

These results are connected with the age structure of respondents. Majority of participants are employed (52%), students (16%) and students working at the same time (15%)

followed by self-employed people (14%). The smallest group of respondents is pensioners (2%) and those respondents who are unemployed do not buy luxury products. This characteristic also influences purchase behaviour and we can expect different attitudes, because these groups can be influenced by money and income.

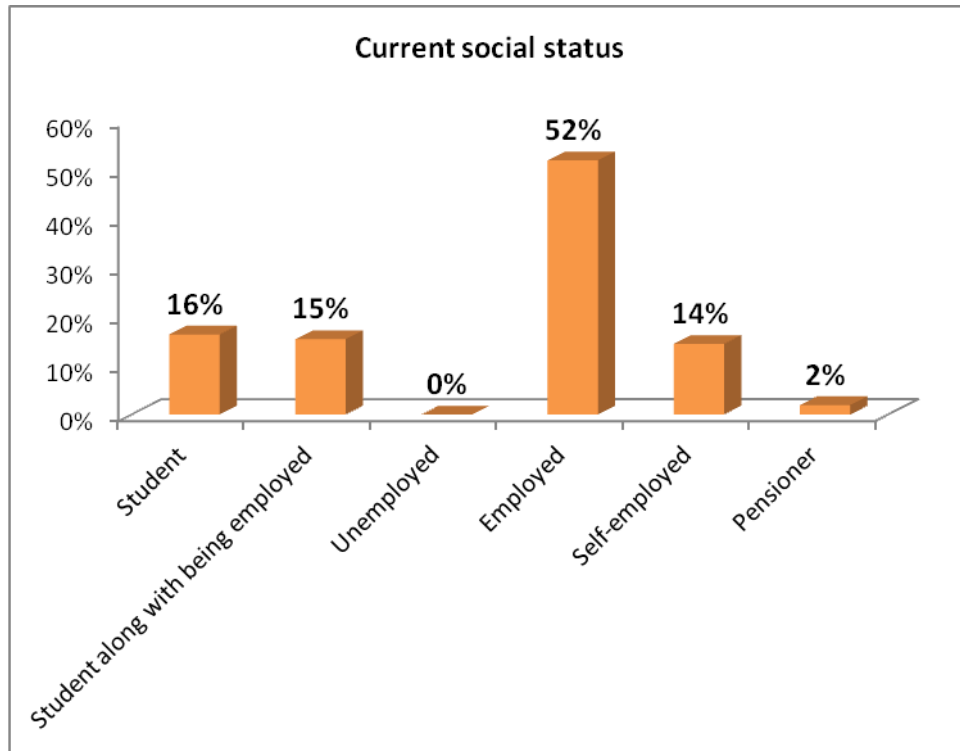


Figure 8. Current social status.(own work)

#### 7.4 Course of the Research

The questionnaire was published online for 13 days. The questionnaire was created in the electronic form. I used the Google documents tool that provides distribution, collection, as well as processing and evaluation of individual questions. Furthermore, the questionnaire was published via social networks (Facebook), discussion forum and e-mails. Research questions were answered based on the analysis of the data obtained from the questionnaires and the conclusions were formulated. From the information provided by respondents, I made an evaluation using Google docs tool and using MS Excel.

## 7.5 Results of the Research

### 7.5.1 Questions Oriented on Brands and Purchasing Brands

The second group of questions included four questions which were created to prove if consumers buy luxury branded products, how often they buy these products and if they are loyal and what are their reasons for loyalty. Results of each question are displayed via figures.

#### 7.5.1.1 Questions

Question 1: Do you purchase luxury branded products like Louis Vuitton, Gucci, Hermes, Cartier, Tiffany & Co., Burberry, Prada, Ralph Lauren, Dior, Helena Rubinstein, Lancome, BMW, Mercedes Benz, Rolex, Moët & Chandon, etc.?

This question was created according to web page forbes.com, where luxury brands were listed. As I mentioned before, 180 respondents were asked. 58% of participants buy luxury products and 42% do not buy them. Those who do not buy luxury products are not included further.

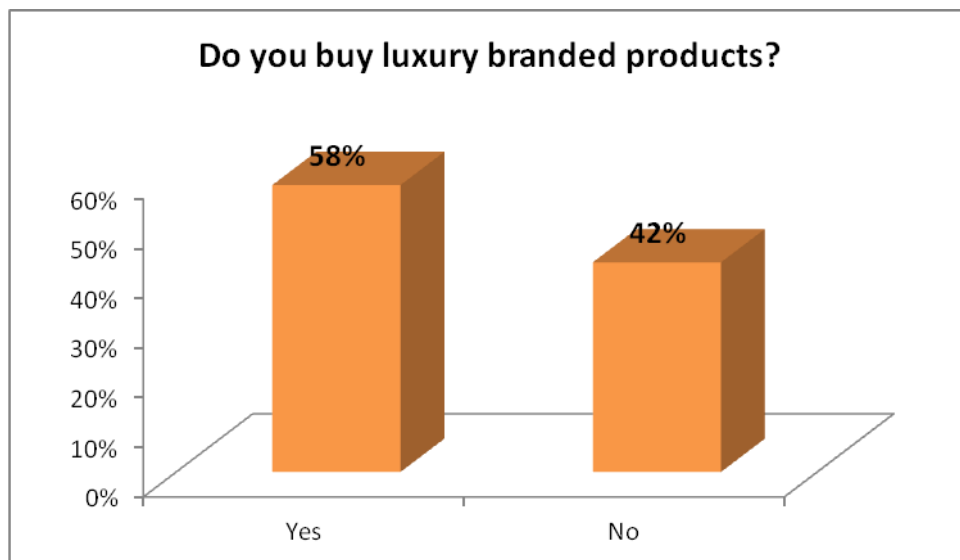


Figure 9. Do you buy luxury branded products? (own work)

Question 2: Do you feel brand loyalty towards any luxury brand?

Figure 10 shows that 63% of respondents are loyal towards some luxury brand they buy. 38% of them are not loyal.



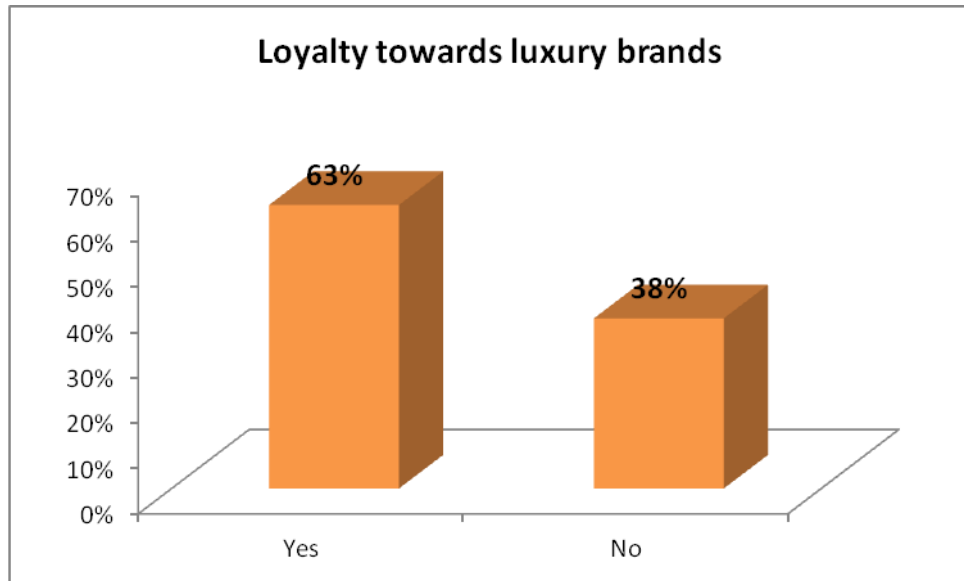


Figure 10. Loyalty towards luxury brands (own work)

Question 3: How often do you purchase branded products?

Unsurprisingly, the figure 11 shows, that most of the respondents do not buy luxury products very often, because luxury brands offer very expensive products. Majority of addressed buy luxury products few times a year (33%), less frequently (24%) and once a year (23%). 10% of respondents buy luxury products once a month, 6% few times a month, 4% few times a week and 1% once a week.

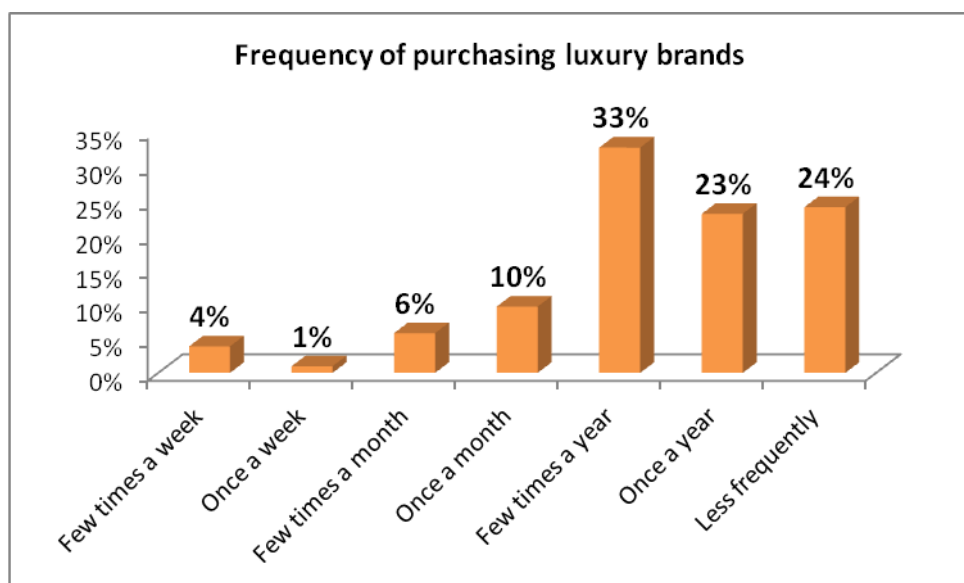


Figure 11. Frequency of purchasing luxury brands. (own work)

Question 4: What are your reasons for brand loyalty?

The purpose of this question was to find out the most frequent reasons for consumers brand loyalty. Respondents could choose more options. The quality placed first with 74% of the respondents. Second was previous satisfaction (59%) which is closely connected with brand loyalty. Next group was reputation (50%), brand name (40%), design (26%), recommendation (25%), social status (24%), price (23%) and advertising/sale (13%).

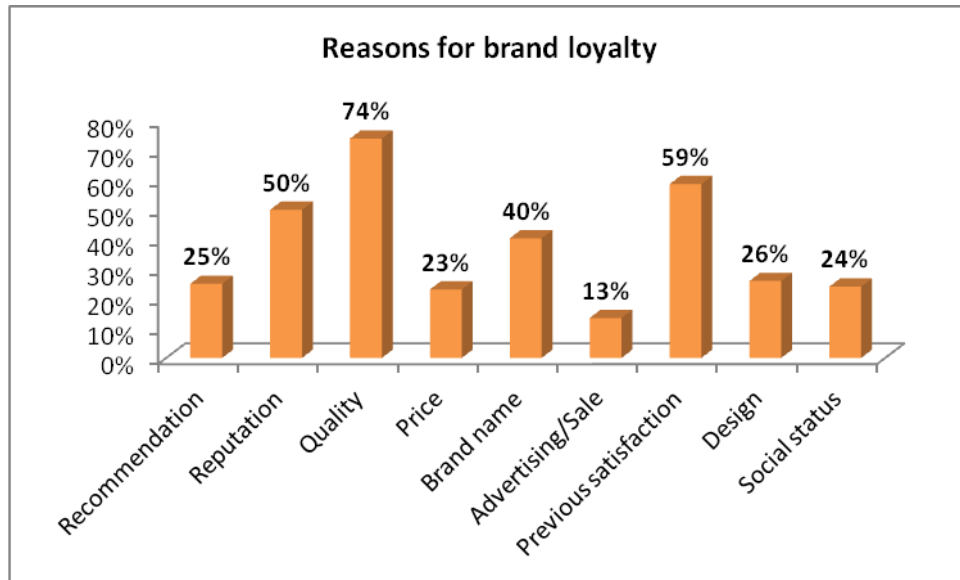


Figure 12. Reasons for brand loyalty. (own work)

### 7.5.1.2 Statements

Third part of the questionnaire consists of twelve statements. Respondents had to express how strongly they agree with these statements.

Statement 1: I believe luxury goods are of superior quality.

From the collected data, majority respondents (44%) agree that luxury brands are of the best quality. 13% of respondents strongly agree, 19% do not know, 18% disagree and 5% strongly disagree.

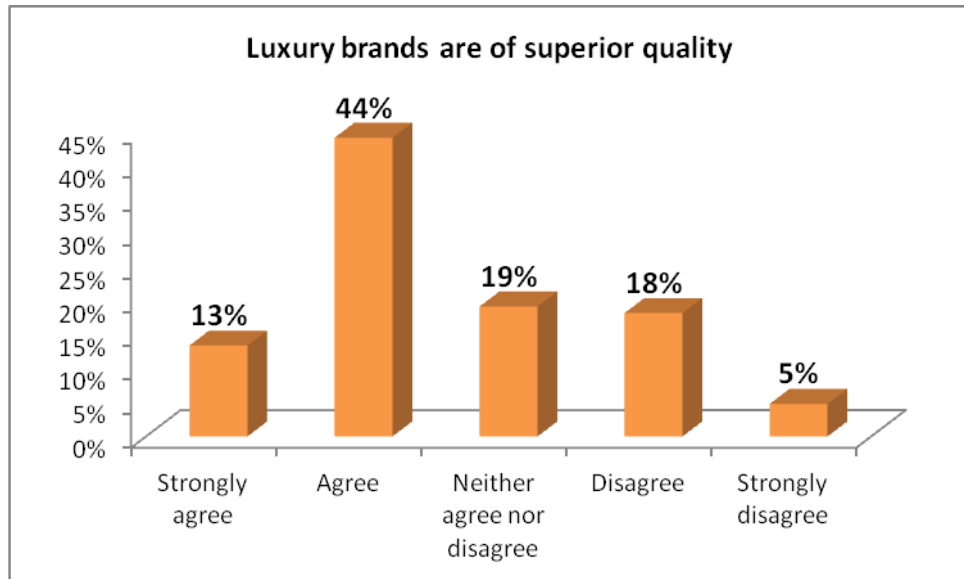


Figure 13. *Luxury brands are of superior quality.* (own work)

Statement 2: I would pay higher price for branded products.

This statement displays how consumers are open to spend more money. The figure 15 shows that 52% of respondents agree with this statement and 23% strongly agree and they are willing to pay more for luxury brands. 12% are not sure about this issue, 10% disagree with this statement and just 4% strongly disagree. Consumers are therefore willing to spend more money on luxury brands.

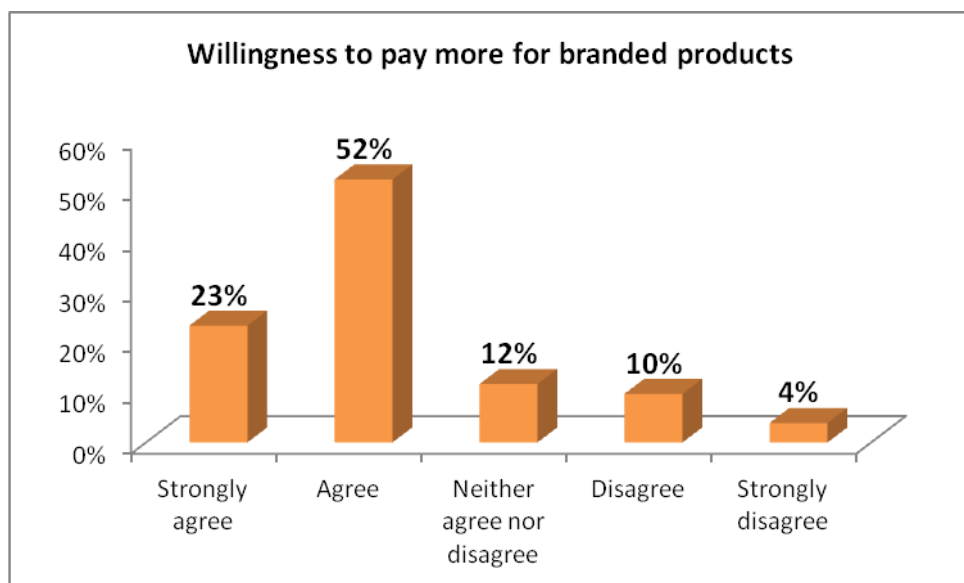


Figure 14. *Willingness to pay higher price for branded products.* (own work)

Statement 3: Luxury brands are worth to investment.

It is generally known, that luxury brands are unique and of the high quality and the figure 16 shows if the luxury brands are worth to investment. 52% of respondents agree with this idea and 29% strongly agree. 10% do not know, 8% disagree and only 2% strongly disagree. Therefore, consumers would invest to luxury brands.

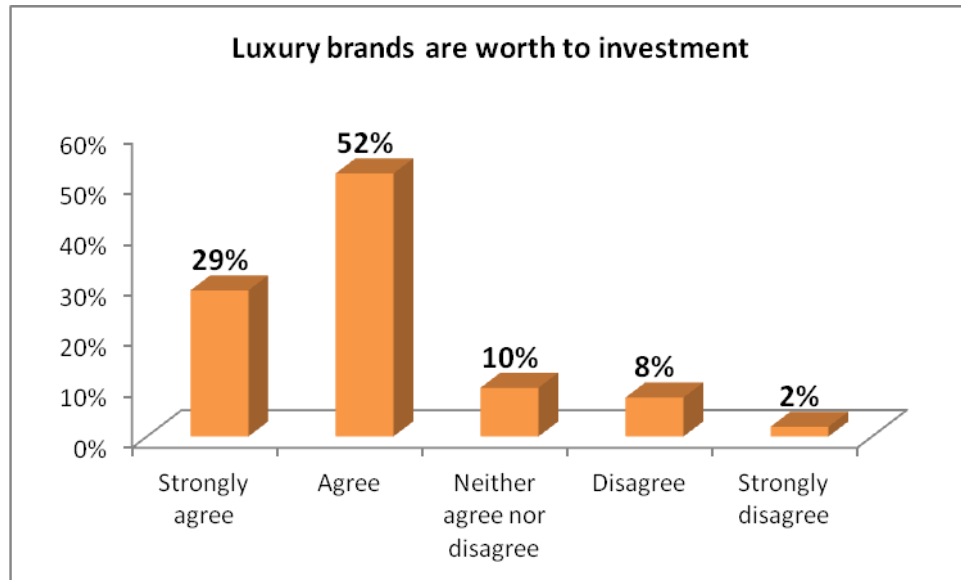


Figure 15. Luxury brands are worth to investment. (own work)

Statement 4: Luxury brands are over-priced.

Figure 17 shows that 40% of respondents disagree with this statement, 13% strongly disagree, 22% do not know, 18% agree and 7% strongly agree. Therefore, most of the respondents do not think that luxury brands are over-priced.

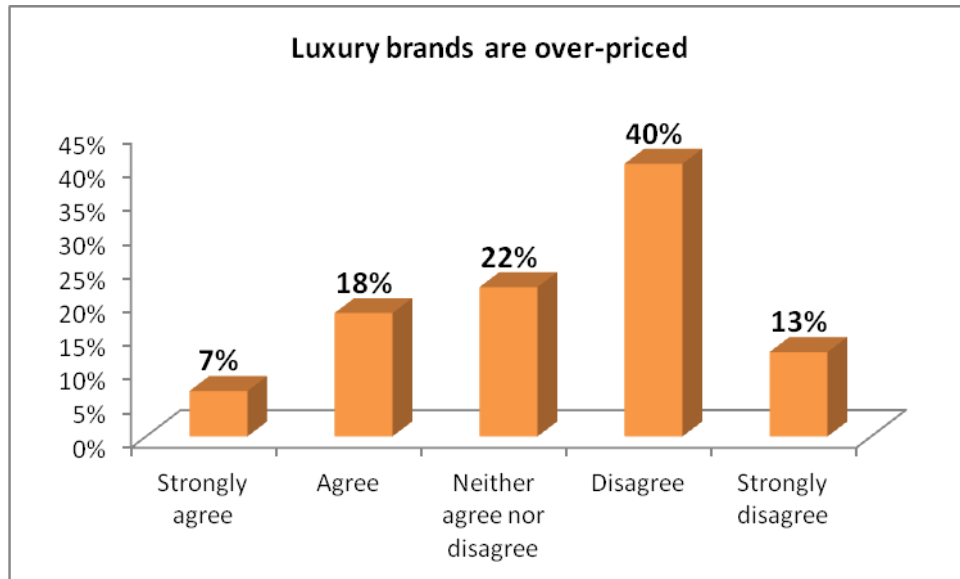


Figure 16. *Luxury brands are over-priced.* (own work)

Statement 5: In my mind, the higher price charged by luxury goods indicate higher quality. As the quality is important element for many consumers, the purpose of this statement was to find out if consumers support the idea that higher price indicates higher quality. As a result, 48% of respondents agree with this idea, 18% strongly agree, 14% do not know, 16% disagree and 3% strongly disagree.

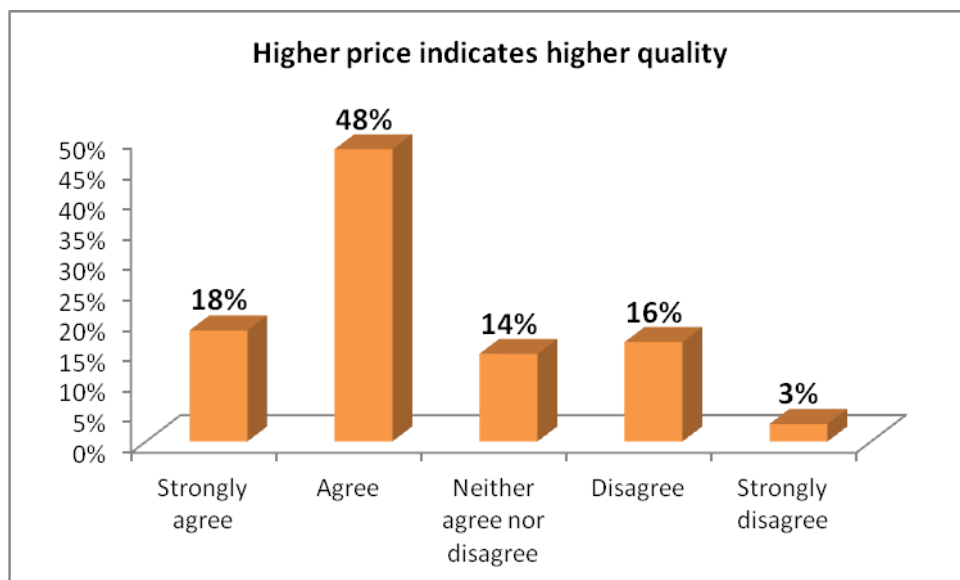


Figure 17. *Higher price indicates higher quality.* (own work)

Statement 6: You always have to pay a bit more for the best.

This statement is similar to previous one and also has similar results. 46% of respondents agree that consumers have to pay higher price for the best, 24% strongly agree, 13% do not know, 14% disagree and only 2% strongly disagree.

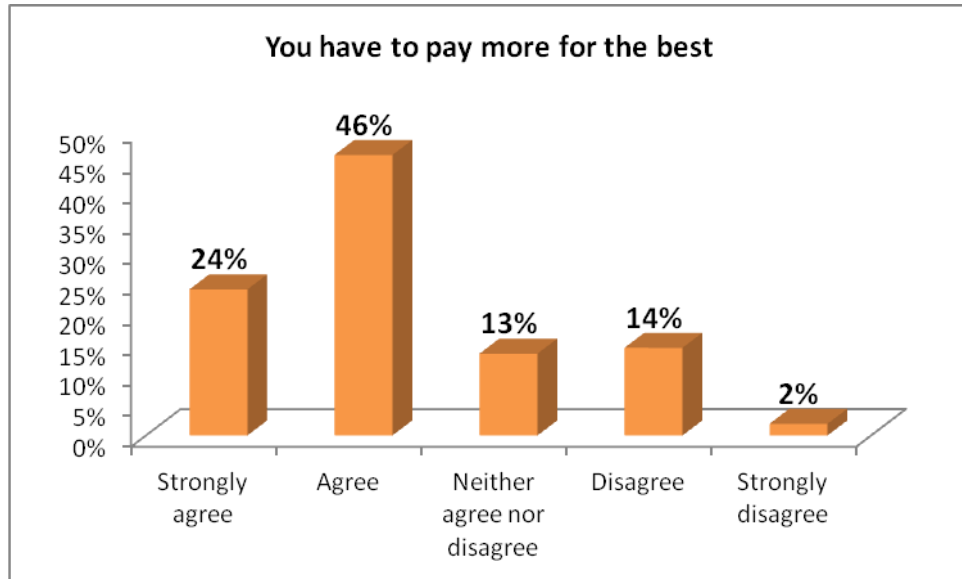


Figure 18. You have to pay more for the best. (own work)

Statement 7: Luxury brand is unique.

Figure 20 shows that 47% of respondents strongly agree that the luxury brand is unique, 27% agree, 10% is not sure, 13% disagree and 4% strongly disagree. Therefore, it is clear that this statement is considered as true.

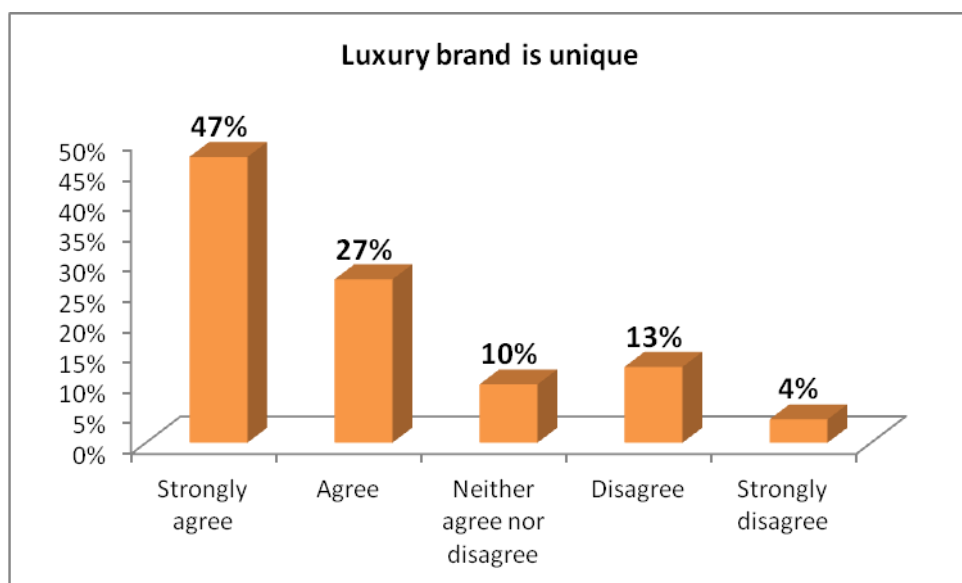


Figure 19. Luxury brand is unique. (own work)

Statement 8: I would never buy branded products, which do not have characteristics which describe me.

In this situation, the option 'Neither agree nor disagree' was actually in the first place (36%). It signals that it is not easy to decide about this statement, but the second place belongs to 31% respondents who agree. Many respondents might see the brand with no characteristics but also there are many of them who assume there should be characteristics which describe them. Further results are: 10% strongly agree, 17% disagree and 7% strongly disagree.

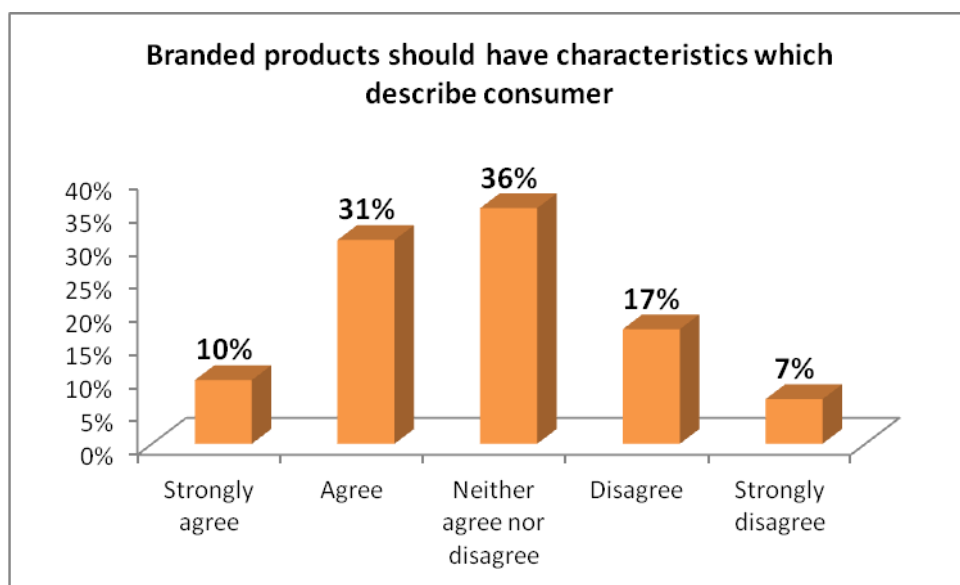
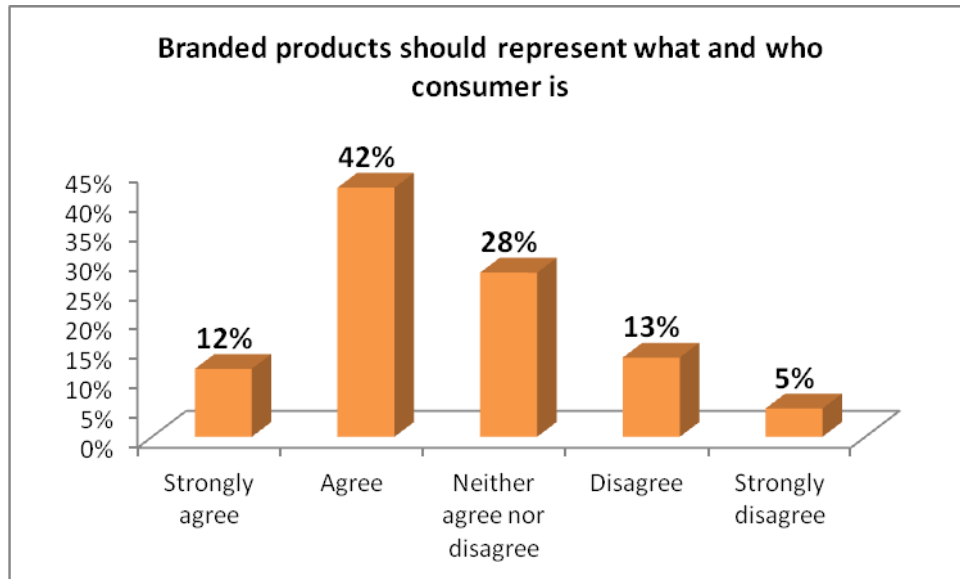


Figure 20. *Branded products should have characteristics which describe consumer.* (own work)

Statement 9: When I buy branded product, it must represent what and who I really am.

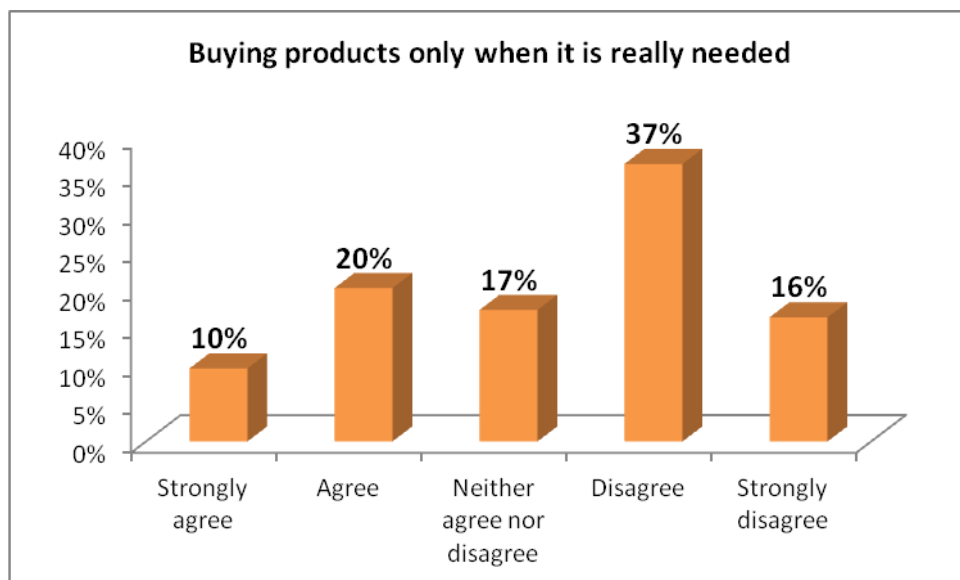
Graph 22 shows that 42% of respondents agree with this statement, 28% do not know, 12% strongly agree, 13% disagree and 5% strongly disagree. It can be said that majority of the respondents assumes that branded products should represent who they are.



*Figure 21. Branded products should represent what and who consumer is. (own work)*

Statement 10: I usually buy only products I really need.

These results show that 37% of respondents disagree with this statement and 16% strongly disagree. 20% of respondents agree, 10% strongly agree and 17% do not know. This shows the era of consumerism where people do not buy luxury products just because of the need.



*Figure 22. Buying products only when it is really needed. (own work)*

Statement 11: The brand I desire is particularly meant for me or has been created with a message that is just for me.



Respondents have rather more neutral approach to this claim. 41% of them neither agree, nor disagree. Other answers are in balance. 24% agree with this statement, 23% disagree, and 7% strongly agree, 5% strongly disagree. Therefore it is not possible to consider if the brand is meant for consumer and has some message. Respondents do not have similar attitudes toward this statement.

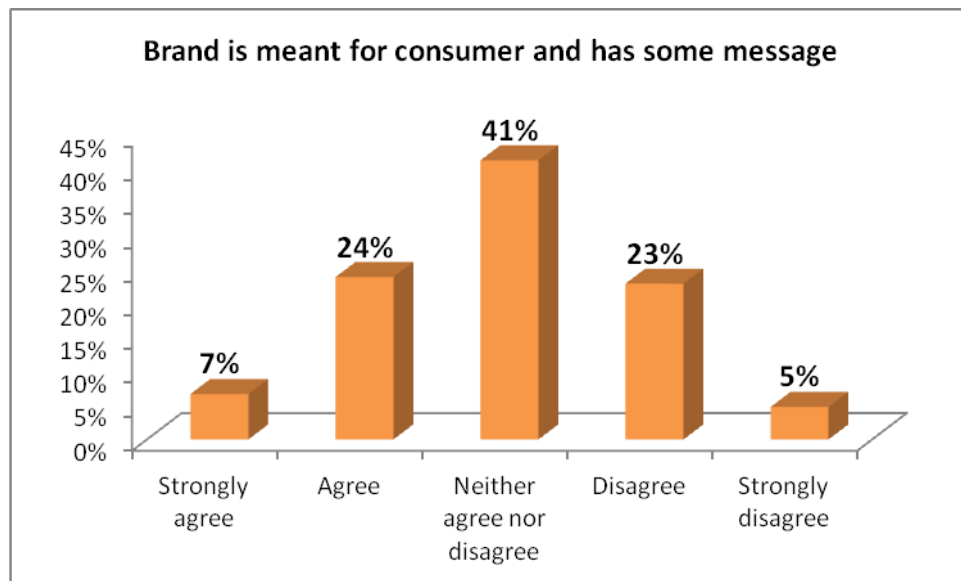


Figure 23. Brand is ment for consumer and has some message. (own work)

Statement 12: I often buy luxury products in such a way that I create personal image that cannot be duplicated.

Figure 25 shows that most of the respondents agree with the statement. 14% strongly agree, 20% do not know, 16% disagree and 5% strongly disagree. Therefore, it is clear that it is important for consumers to create personal image when they purchase luxury products.

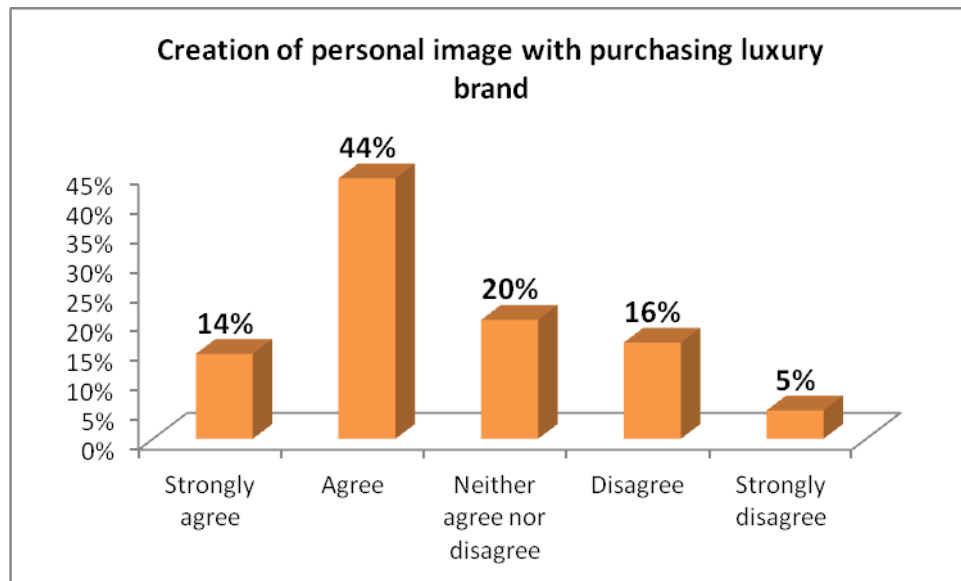


Figure 24. Creation of personal image with purchasing luxury brand. (own work)

## 8 EVALUATION OF THE FINDINGS AND RECOMMENDATIONS

To sum up all the results, I decided to make the evaluation of the findings and to answer the research questions.

The first question is: **“Are consumers loyal to luxury brands?”** As the brand loyalty is very important factor connected with brands, the study shows that most of the respondents are loyal to some luxury brand. Respondents also specified reasons for brand loyalty. The most frequently mentioned were quality, previous satisfaction and recommendation. This is important because loyal consumers are fundamental. If the consumers are loyal, they will probably purchase the product again.

The second question is **“Does social status influence consumer purchase behaviour?”** Social status is another factor which was proved. Study proved that purchasing of luxury products is also influenced by social status. As luxury brands are of higher price, those consumers who buy luxury brands have mostly some income. It might be influenced also by education. The largest group of consumers who buy luxury brand has university education. This can be signal that people with higher education have higher job position and therefore, higher income. Therefore, social status influences consumer purchase behavior.

The third question is **“Does higher price influence consumer purchase behaviour?”** Price is closely connected with luxury brands, because luxury products are usually very expensive. The study shows that consumers are willing to pay more for luxury brand and they do not agree that luxury brands are over-priced.

The fourth question is **“Does quality associated with luxury brand influence consumer purchase behaviour?”** There is a connection between price and quality. Most of the respondents agree that luxury products are of the best quality and that quality is connected with higher price. Majority of people is willing to pay more for branded products and disagree with the statement that luxury brands are over-priced. Higher price indicates higher quality and people always have to pay more for the best products and they also have opinion that luxury products are of superior quality. Quality is also the main reason for brand loyalty. Therefore, price and quality influence consumer behaviour.

The fifth question is **“Is luxury brand just about the product?”** This research also proved if luxury brand is just about the product. The vast majority of respondents strongly agree that luxury brand is unique. The most of respondents also agree that the brand should represent who the consumer is and when they buy luxury products they create their own

image. On the other hand, respondents were not sure about statements that brand is meant for consumer and should have characteristics which describe consumer. According to results, brand should also represent who the consumer is. Based on evidence, I found that consumers express their desires, their needs and also personalities. Therefore, the brand is not just about the product.

Research showed that consumers consider quality as a high priority aspect when purchasing luxury brand product. Consumers expect the high quality from luxury brands. High quality products could be beneficial for retailers and also consumers. Retailers could get higher profit and benefit for consumers could be better quality. Also higher price of luxury products should not affect consumers if they are of superior quality. Therefore, marketers should consider the idea of improving products.

When the consumer's expectation is fulfilled, they will be satisfied and they purchase the brand again and this could lead to brand loyalty. Therefore, marketers should concentrate on both brand image and product quality. According to the results of the questionnaire, majority of consumers are loyal to luxury brands. Loyalty builds the relationship between company and consumers that will last. Therefore, it is important to create distinctive value proposition and define the positioning of the brand.

The vast majority of respondents strongly agree that luxury brand is unique. The most of respondents also agree that the brand should represent who the consumer is and when they buy luxury products they create their own image. Consumers who buy luxury branded products want to be recognized. Therefore, marketers should aim to build brand image with prestigious and distinctive image and style.

## **9 SUMMARY OF THE PRACTICAL PART**

The practical part of this thesis deals with questionnaire research related to consumer behaviour towards luxury brands. At the beginning of the practical part, the course of the research was described and the research questions were determined. The research sample was also characterized, as the composition of respondents, age, education and social status. In the next section, five research questions are evaluated. These questions deal with consumer behaviour in relation to luxury brands. The research intended to find out if consumer behaviour is influenced by factors such as brand loyalty, social status, premium price and perceived quality of luxury branded products. At the end of this practical section, answers to the research questions are given, which were an output of the whole questionnaire.

## CONCLUSION

Consumer behaviour plays an important role in effective business. If the companies want to be successful with the brand and to maintain market position, they need loyal and satisfied consumers, who will come back. Nowadays, there is a huge competition, and consumers are surrounded by many brands. In this thesis I dealt with brand policy and consumer purchase behaviour. The aim of this work was to determine whether the brand has an impact on purchase behaviour.

The topic of my bachelor thesis was the impact of brands on consumer purchase behaviour. The thesis was divided into theoretical and practical part. In the theoretical part I focused on branding. Important information connected with branding was described for better understanding of the topic. I also mentioned the brand itself. Several definitions were introduced and the terms such as brand equity, brand positioning, and brand identity were described in details. I also introduced consumer purchase behaviour and factors influencing consumers. Finally, I focused on marketing research and theory about questionnaires. These theoretical findings gave me a foundation for later creation of the questionnaire.

Practical part included the questionnaire research, which dealt with consumer behaviour towards luxury brands. The research proved whether there is an interaction between brand loyalty, social status, premium price and perceived quality of luxury branded products with the consumer purchase behaviour. Each question was analyzed and represented graphically. The result of the practical part was the evaluation of the research questions, which I determined before the research.

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**LIST OF FIGURES**

<i>Figure 1. Model of buying behaviour</i> .....	21
<i>Figure 2. Factors influencing behaviour</i> .....	22
<i>Figure 3. Buyer decision process</i> .....	27
<i>Figure 4. Steps between evaluation of alternatives and a purchase decision</i> .....	28
<i>Figure 5. Gender structure</i> .....	36
<i>Figure 6. Age structure</i> .....	37
<i>Figure 7. Highest education</i> .....	37
<i>Figure 8. Current social status</i> .....	38
<i>Figure 9. Do you buy luxury branded products?</i> .....	39
<i>Figure 10. Loyalty towards luxury brands</i> .....	40
<i>Figure 11. Frequency of purchasing luxury brands</i> .....	40
<i>Figure 12. Reasons for brand loyalty</i> .....	41
<i>Figure 13. Luxury brands are of superior quality</i> .....	42
<i>Figure 14. Willingness to pay higher price for branded products</i> .....	42
<i>Figure 15. Luxury brands are worth to investment</i> .....	43
<i>Figure 16. Luxury brands are over-priced</i> .....	44
<i>Figure 17. Higher price indicates higher quality</i> .....	44
<i>Figure 18. You have to pay more for the best</i> .....	45
<i>Figure 19. Luxury brand is unique</i> .....	45
<i>Figure 20. Branded products should have characteristics which describe consumer</i> .....	46
<i>Figure 21. Branded products should represent what and who consumer is</i> .....	47
<i>Figure 22. Buying products only when it is really needed</i> .....	47
<i>Figure 23. Brand is ment for consumer and has some message</i> .....	48
<i>Figure 24. Creation of personal image with purchasing luxury brand</i> .....	49

## APPENDICES

P I      Questionnaire on consumer behaviour towards luxury brands

## **APPENDIX P I: QUESTIONNAIRE ON CONSUMER BEHAVIOUR TOWARDS LUXURY BRANDS**

Gender:

- Female
- Male

Age group:

- 10 or below
- 11 - 15
- 18 - 24
- 25 - 34
- 35 - 44
- 45 - 54
- 55 - 64
- 65 - 74
- 75 and above

Your highest education:

- Primary education
- Skilled
- Secondary education
- Higher vocational education
- University education

Current social status:

- Student
- Student along with being employed
- Unemployed
- Employed
- Self-employed

### **QUESTIONS:**

1. Do you purchase luxury branded products like Louis Vuitton, Gucci, Hermes, Cartier, Tiffany & Co., Burberry, Prada, Ralph Lauren, Dior, Helena Rubinstein, Lancome, BMW, Mercedes Benz, Rolex, Moët & Chandon, etc.? \*

- Yes
- No

2. Do you feel brand loyalty towards any luxurious brand?

- Yes

- No

3. How often do you purchase branded products?

- Few times a week
- Once a week
- Few times a month
- Once a month
- Few times a year
- Once a year
- Less frequently

4. Why are you loyal to these brands?

- Recommendation
- Reputation
- Quality
- Price
- Brand name
- Advertising/Sale
- Previous satisfaction
- Design
- Social status

**STATEMENTS:**

**You are required to rate each of the following statements on a five-point scale ranging:**

**1 - strongly agree, 2 – agree, 3 - neither agree nor disagree, 4 – disagree, 5 – strongly disagree**

5. I believe luxury goods are of superior quality.

6. I would pay higher price for branded products.

7. Luxury brands are worth to investment.

8. Luxury brands are over-priced.

9. In my mind, the higher price charged by luxury goods indicate higher quality.

10. You always have to pay a bit more for the best.

11. Luxury brand is unique.

12. I would never buy branded products, which do not have characteristics which describe me.

13. When I buy branded product, it must represent what and who I really am.

14. I usually buy only products I really need.

15. The brand I desire is particularly meant for me or has been created with a message that is just for me.

16. I often buy luxury products in such a way that I create personal image that cannot be duplicated.