THE IMPACT OF BRAND ON A
CAR PURCHASING DECISION PROCESS

Nora Sadiku-Dushi[1],
Gresa M. Mjaku[2i]

[1]Business Administration,
South East European University, Tetovo - Macedonia
St. Hamza Jashari nr.21, Ferizaj, Kosovo
[2]Economics, South East European University, Tetovo - Macedonia
St. Rexhep Krasniqi, k2, no.10, Pristina, Kosovo

Abstract:

The concept of "brand" has provoked a huge curiosity among researchers from around the world because it plays a very important role in all marketing activities. This study aims to provide an overview of the impact of brand names on Kosovo consumers' behavior and on their decision for car purchasing. The study will also investigate the other factors that consumers consider important when buying cars such as price, quality and country of origin, and among others the study will also investigate what is their opinion on the role of the car brand in determining the social status of the person and its impact on a persons' self-esteem. This research is of an empirical nature and is carried out by collecting primary data via a self-administered questionnaires distributed electronically to 100 randomly selected car possessors. The study has pointed out that brand is not the decisive factor when making a decision to purchase a car. The price, quality and country of origin of cars are considered the most important attributes in determining the purchase. The results of this paper can be used by marketing managers and car dealers who, based on the data obtained from this research, can create new price strategies or even implement other promotional forms that put more emphasis on price, quality and country of origin of cars in order to better access their customers.

Keywords: brand, brand capital, quality, country of origin, buying decision, customer behavior

[i] Correspondence: email sadikunora@gmail.com, gresa.mjaku@gmail.com

1. Introduction

It is known that the brand distinguishes the product from other products of the same category. The products' brand is considered to play an important role in consumers' purchasing decisions, especially nowadays when people are more appreciated for what they possess rather than who they are. This is the main reason why people are eager to buy and possess things that differs them from others. The brand of a certain product reflects on the status of the individual in a society, on their lifestyle and their purchasing behavior. Recently, brands are playing a very important role in consumers' purchasing decisions no matter which product is involved.

One of the products that today are considered as a necessity is the cars. The researches show that number of cars in world is constantly increasing. In 1986, the number of cars in the world was 500 million, while only 24 years later, respectively in 2010, this number doubled and exceeded one billion. It is anticipated that by 2050 the number of vehicles in the world will reach 2.5 billion. As this paper will cover consumers in Kosovo, we will give a brief description of the data on population, average salary and number of vehicles in Kosovo, data that are relevant to the field of research.

According to the Kosovo Agency of Statistics, Kosovo has about 1.78 million inhabitants while the average salary in the budget sector is 466 Euros. From the agency's data, it can be seen that the number of vehicles from year to year increases. In 2015, the number of registered vehicles in Kosovo was 281,847 ("Kosovo Agency of Statistics", 2016).

Kosovo does not have a car industry; therefore, all cars circulating in Kosovo are imported from different countries worldwide. On the Kosovo market, those cars can be bought as new cars from authorized representatives of different brands or as used cars in many car dealing stores. Kosovar consumers have many options for choice, ranging from different brands to different car prices offered on the market. Despite many studies related to this topic around the world, there is a lack of information about brand impact on car purchase decisions in Kosovo. On one hand, this study will contribute in enhancing the knowledge base in the field of car brand importance for Kosovo consumers or will eventually ignite the curiosity of other researchers to continue the research in this area. While, on the other hand, car vendors and marketing managers in Kosovo can benefit from the findings of this study by learning how important the car brand is in the purchasing decision.

2. Study objectives

In order to accomplish this research the objectives have been carefully selected. The main objectives of this research are:

1. To examine the impact of the brand on the choice of car by Kosovo consumers.
2. To analyze which factors, apart from the brand, are considered important when making a decision to purchase a car.
3. To contribute to the growing knowledge base in the field of product brand impact in Kosovo.

3. Research questions

The main research questions that will be answered in this study are:

1. How important is the car brand for Kosovo consumers?
2. What are the factors influencing the decision to buy a car?
3. How loyal are Kosovo consumers to the car brands that they own? And,
4. What do Kosovo consumers think about the role of brand in determining the person's social status and self-esteem?

4. Literature review

As mentioned above, there are thousands of scholar articles and a large number of written books on the importance of branded products in customer purchasing decisions for various products that have developed numerous theories that can easily be used by other researchers to deepen the research in this field for different products or locations. For the purpose of this research, only a small portion of worldwide literature will be revised. The literature review will cover areas such as brand, brand equity, brand awareness, brand relationship, perceived quality, and brand loyalty.

4.1 Product Brand

The American Marketing Association (1960) defines the brand as a name, expression, symbol or a combination of all these, created to identify the products or services of a seller or group of seller and to distinguish them from the competition. In other words, brands are created to distinguish products from competition. Numerous researches have highlighted that the main goal of any company is to increase sales and profitability. Companies do this by creating brand names for their products and aim for their brands to be identified by consumers. Identification of brands is done through

visual or audio elements, including shape, colors, slogans, logos and images, characters, sound columns or even music (Gaillard, Sharp and Romaniuk, 2005).

Consumers get familiar with learning the above elements either through direct experience from buying or consuming a brand, or indirectly, such as being exposed to advertising, publicity, or even word-of-mouth marketing. It is found that consumers often find it easier to remember and recall a brand through images or pictures used than through text or information intended to be transmitted through it (Childers and Houston, 1984). A strong brand is considered one that possesses high brand equity (Aaker, 1996).
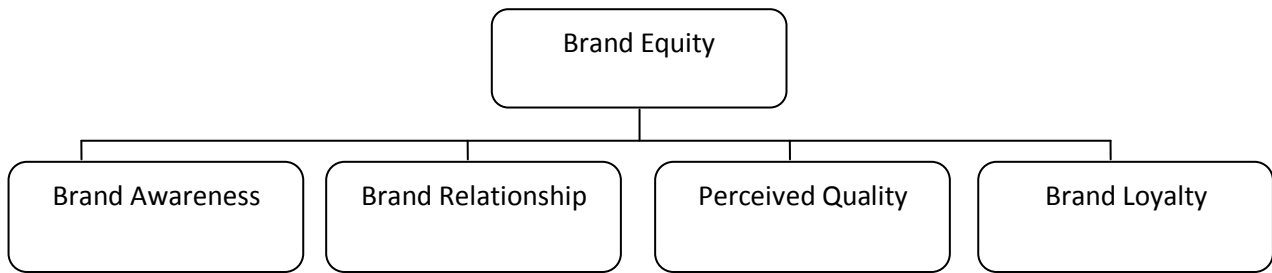
4.2 Brand Equity

Apart from creating and building a brand, the brand equity is considered one of the main goals of today's companies. Thus, empirically, it has been proven that high brand equity can increase consumer preference and purchasing intentions (Cobb-Walgren, Ruble and Donthu, 1995), the loyalty toward the brand (Johnson, Herrmann and Huber, 2006) and return on shares (Aaker and Jacobson, 1994). Thus, looking at the literature and studies undertaken in the area of brand equity creations, there are a number of definitions of the concept of brand equity. What is evident in all the studies is the fact that brand equity is considered as a key factor that can brought to the company: high profits, brand expansion opportunities, protection against competitors, effective communication force but also leads to empowerment of consumer preferences, the purpose of purchasing and customer loyalty (Allaway et al., 2011; Buil, de Chernatony and Martinez, 2008).

In his "Brand Equity" model, Aaker (1991) identifies five dimensions of brand equity: (1) brand loyalty, (2) brand awareness, (3) perceived quality, (4) brand (5) other brand property assets. Aaker (1991) defines brand equity as a set of assets and liabilities associated with the brand-name or symbols-which add or lower the value of the product or service.

Many researchers have dealt with brand equity research; however, despite differing views on any brand equity research, the only common denominator in all models is the use of one or more dimensions of the Aaker model (Bendixen, 2004; Keller, 1993; Kim and Kim, 2004; Motameni and Shahrokhi, 1998; Yoo, Donthu and Lee, 2000). For this reason customer-based brand equity is an asset of four other dimensions, such as brand awareness, brand relationships, perceived quality, and brand loyalty.

Based on the different models and concepts about brand equity presented in the above section, and mainly based on the Aaker model, we present the dimensions of the brand equity as follows:

```
                          ┌─────────────────┐
                          │  Brand Equity   │
                          └─────────────────┘
```

| Brand Awareness | Brand Relationship | Perceived Quality | Brand Loyalty |

Figure: Dimensions of the Brand Equity

Source: Aaker and Joachimsthaler (2002)

4.2.1 Brand Awareness

Brand awareness is considered as the ability of consumers to remember and recall brands. This is reflected in their ability to identify the brand under the influence of many factors but also to have in their minds the brand name, logo, symbols etc. (Keller, 2002). According to Aaker (1996) brand, awareness refers to the consumer's ability to remember or distinguish that a brand is a member of a particular product category so that they can establish a link between the product and brand's class involved. Awareness toward brands creates a high level of comfort in making purchasing decisions (Woodside et al., 2008; Moisescu, 2009). Brand awareness is considered as one of the most important elements because all the relationships with the particular brand starts from brand awareness, and can also influence consumer perceptions as well as attitudes toward a specific brand (Washburn and Plank, 2002). In many cases, it can lead the customer towards brand selection or loyalty to it (Aaker, 1996). In the context of this research regarding the purchase of cars, consumers may choose well-known brands cars compared to those of lesser-known brands as there is a higher awareness of the brand and reputation of well-known car manufacturers.

4.2.2 Brand Relationships

Brand relationships are not only the key aspect related to brand equity but it is also the key aspect in the purchasing decision process and in brand loyalty (Aaker, 1991). Brand relationships consist of the thoughts, feelings, perceptions, image, experiences, beliefs and attitudes of the consumer regarding the brand (Kotler and Keller, 2006). Brand relationship serves as the basis for making a purchase decision since consumers prefer and use brands that are known since they feel safer when making a purchasing decision.

4.2.3 Perceived Quality

Perceived quality is a key dimension of a brand as it defines the consumer's perception of the product quality level by explaining that consumers would have low brand

preference if they would link the brand to low quality level (Chi, Yeh and Yang, 2009). Most consumers prefer to buy well-known brands that are proven rather than trying to buy unknown or new brands (Desai, Kalra and Murthi, 2008.). Many studies have found that the brand quality has a direct impact on the purchasing decision and brand loyalty creation.

4.2.4 Brand loyalty

Brand loyalty is the main dimension in building a brand equity. This loyalty is defined as a relationship or affection that the consumer has towards the brand (Aaker, 1991). Loyalty to the brand is considered one of the ways the consumer expresses his satisfaction with the product or service performance he has received (Bloemer and Kasper, 1995). If customers are satisfied with the brand they will buy the product on a regular basis (Leahy, 2008). Also, this would help customers by reducing the risk and saving the time to make a purchase decision (Yeboah et al., 2013). Kapferer (2008) has emphasized that brand loyalty helps companies in growing sales and lowering promotional costs thus enabling them to be more competitive in the market.

5. Research Methodology

This study is based on primary and secondary data. In order to answer the research objectives and research questions the quantitative methodology was used. The primary data are gathered through questionnaires that were distributed online to 100 randomly selected car owners. The way of data collection and sample selection will be disclosed in the following sections.

5.1 Data collection

Since there is a lack of this type of research in Kosovo, and taking into consideration that brand preferences are personal issues, this study is based on the collection on primary data in order to gather the most honest responses from the respondents. Primary data will support the practical aspect of the research, while secondary data are used to support the theoretical part of this research.

5.2 Sample Selection

As a sample for research, 100 car owners have been randomly selected. The selection of this sample relates to the nature of this research at determining the impact of car brand on consumer behavior, especially in their decision to purchase a car.

5.3 Questionnaire

In order to collect the primary data the questions were adopted from the questionnaire used by Letchumanan and Sam (2016) and were modified according to the needs of the study. The self-administered questionnaire was designed through Google Forms and consisted of 12 questions, ranging from questions about age, gender, monthly income, questions about the car brand they possess, attributes that have affected the purchase of a particular car brand and the importance of the brand of the car in the purchase decision, the role of the brand in determining the position and the class in the society as well as the influence of the car brand on the self-esteem of the person. The questions were clear and understandable. All the responses were multi optional with mandatory fields, which did not allowed mistakes in completing the questionnaire. The survey was conducted electronically and respondents received a link that redirected them to the questionnaire. They were also assured of the anonymity and confidentiality of their data. When the number of responses has reached 100 questionnaires, the online questionnaire was deactivated, as this number can be considered as sufficient to draw the necessary conclusions and respond to the research questions.

6. Discussion of Results

In this section, the empirical data collected from this research will be presented. Results are analyzed based on key research questions; the importance of the car brand, the factors affecting the decision to buy a car, the loyalty of Kosovo consumers to the car brand, and the assessment of the cars' brand influence in determining the social status of the individual and its impact on persons self-esteem.

Table 1 presents demographic characteristics of respondents. 61 percent of respondents were males whereas 39 percent where females. Most respondents (70 percent of them) where in the age groups 20-30 and 31-40 years. The age group of 41-50 was represented by 19 percent, 7 percent where in the age group of 51-60, while only 4 percent of the respondents where older than 60 years.

In terms of monthly income, 34 percent of respondents stated that they have a monthly income of 301-500 Euros, 22 percent of them have a monthly income of 501-700 Euros, 11 percent receive from 701-900 Euros per month, 14 percent declared their monthly revenues higher than 900 Euros, while monthly income below 300 Euros declared 19 percent of respondents. As far as the employment is concerned, the majority of respondents are working in the private sector (41% of respondents are working in this sector while 27 percent have declared themselves as owners of private businesses). 32 percent of the respondents work in the government sector.

Variable	Description	Percentage
Gender	Males	61%
	Females	39%
Age group	20-30	35%
	31-40	35%
	41-50	19%
	51-60	7%
	Above 60	4%
Monthly income	150-300	19%
	301-500	34%
	501-700	22%
	701-900	11%
	Above 901	14%
Employed in	Government sector	32%
	Private sector	41%
	Owners of private companies	27%

Table 1: Respondents' profile

Respondents were initially asked to identify their car brand. Totally thirteen brands of cars are identified. Figure 1 shows that the largest number of respondents, respectively 36% of them own Volkswagen, followed by Opel 13%, Mercedes 12%, Peugeot 8%, Fiat and Audi by 6%, BMW and Ford by 5% Citroen and Renault with 3%, while 3% of respondents said they own Mitsubishi and Land Rover. It is clear from the data that Kosovars prefer German car brands, as 77% of all the above-mentioned vehicles are of German production.
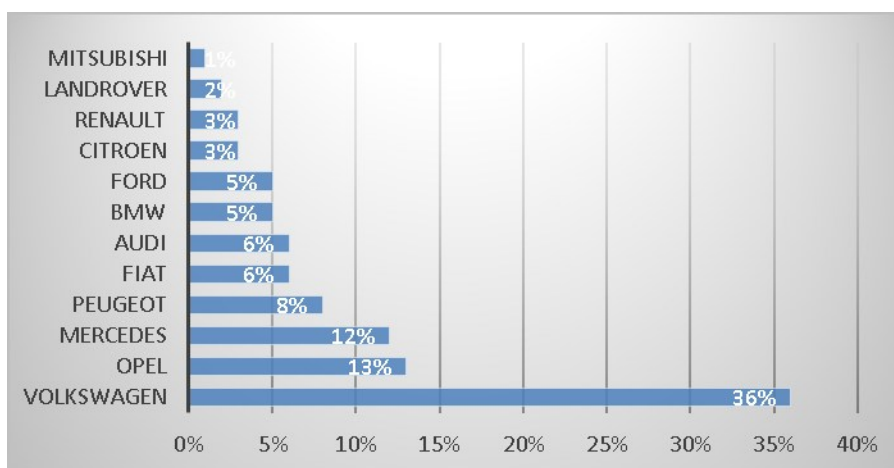
Figure 1: Types of car brands owned by respondents

Respondents were also asked which product attribute they considered most important during their decision to buy a car. For the purpose of this research, they have been offered a list of some of the attributes such as price, quality, brand of product, previous

experience with the car and design. They had the option to choose more than one attribute they consider to be important when purchasing the car. From the data obtained in Figure 2 it can be noticed that Kosovo consumers consider quality as the main attribute when making a decision to buy a car with (45 percent), followed by the price by 35 percent. The car brand is ranked as the third factor by importance with 25 percent, while the least important attributes when making a purchasing decision is considered the previous experience with the same car (18 percent) and car design (8 percent). These results show that Kosovo consumers are more sensitive to price and quality than to car brand.
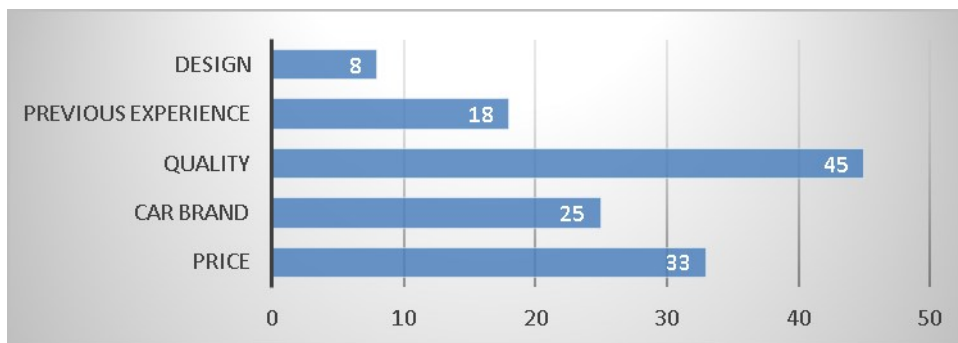
Figure 2: The importance of the product attributes on a car purchasing decision

Further, respondents were asked whether they would buy again the same brand of car that they currently possess. This question is asked in order to find out whether there is a habit of repurchasing and how loyal customers are to the chosen brands.
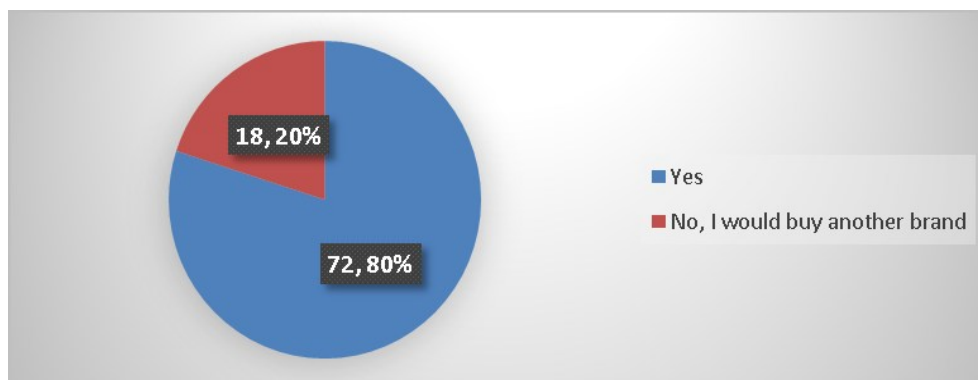
**Figure 3:** Repurchasing the same car brand

Figure 3 shows the answers to the question of whether respondents would buy again the same car brand as they own. A significant number of 72 percent of the respondents would still buy the same car again, while only 28 percent of them would not buy the same brand car. These data show that Kosovo consumers are likely to remain loyal to the brand of cars they own due to the awareness with their favorite brand.

The next question was about their consideration for the purchase of less-known brand cars, 47 percent of respondents responded negatively, 38 percent said they would consider purchasing a less well-known car brand, while 15 percent said they would definitely buy less well-known brands of cars (Figure 4). The level of confidence and security they have on known brand cars seems to have influenced their preferences for certain brands of vehicles. Based on the results it can be seen that the brand relationship in this case plays an important role in the purchase decision.
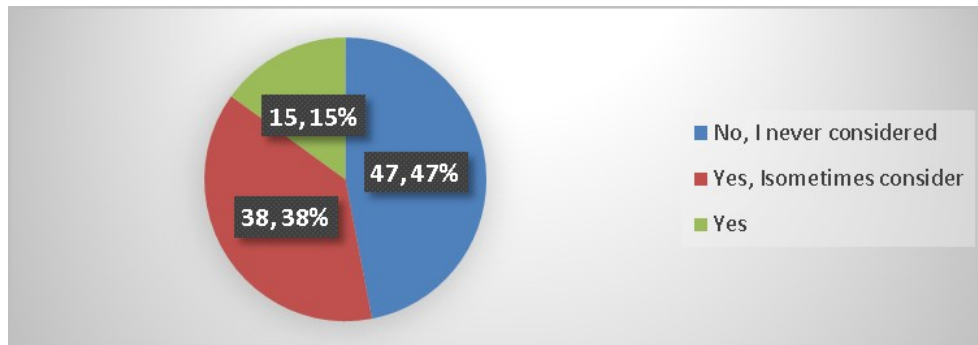
Figure 4: Purchasing less-known branded cars

To approach the perception of quality, respondents were asked whether they think the cars of the well-known brands are more qualitative. Figure 5 shows that 50 percent of the respondents agree that well-known brands have better quality than the less-known brands, 34 percent stated that it is not always said that well-known brands are more qualitative, whereas only 16 percent think that well known car brands are not more qualitative than unknown car brands. These data show that a significant proportion of Kosovo consumers link the brand with quality, considering that the well-known brands are more qualitative than unknown brands. This is related to the perception of quality as Kosovo consumers prefer branded cars because they are convinced that the branded cars are more qualitative.
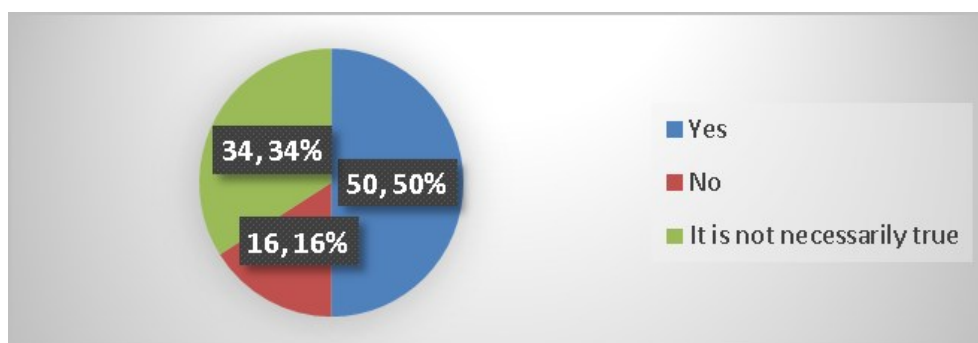

Figure 7: Quality perception of well-known vs. less-known car brands

In order to analyze the role of car brand on determining the social class, respondents were asked whether they agree with the expression that the car brand defines the status and the social class of the individual. Kosovo consumers seem to disagree that the car brand affects the status and social class of the individual as 43 percent of respondents answered that it is not said that the car brand determines the individual's class, 25 percent did not agree at all with this assumption while only 32% think that the car brand determines the social class of the individual (Figure 6). Since most respondents disagreed with this assumption, we can conclude that the decision to purchase a car from Kosovo consumers is not related with the desire to advance the personal status in society or to change their lifestyle.
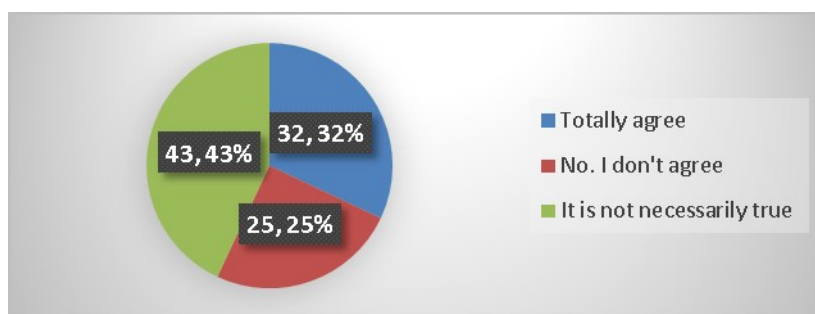

Figure 6: The impact of brand on a social class

Following the question about the social class, respondents were also asked about the impact of the car brand on self-esteem of individuals. Figure 7 shows that most respondents do not totally agree that the car brand increases self-esteem of the person. In fact, 28 percent of respondents think that the brand may sometimes affect the persons self-esteem, 49 percent do not agree at all with this assumption, while only 23 percent of the respondents think that a well-known car brand can increase a person's self-esteem. The result show that most of the respondents do not agree that branded car necessarily plays a role in increasing a person's self-esteem.
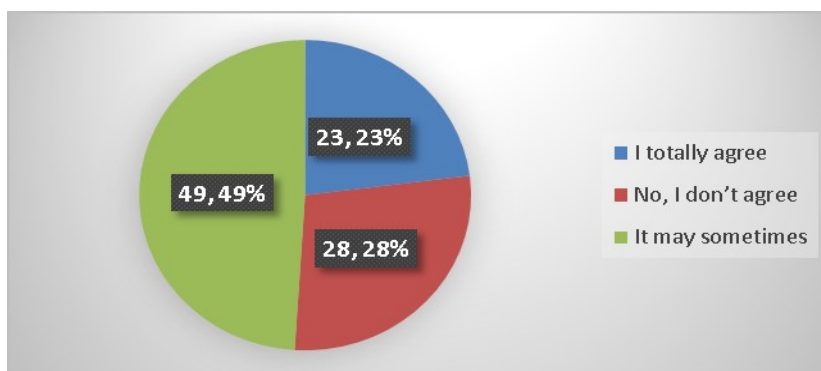
Figure 7: The impact of branded car on a person's self-esteem

The last question was about revealing how much the car brand is important over other product attributes. A figure 8 show that for 45 percent of respondents the car brand is of little importance, 16 percent answered that the brand does not matter at all, while for 39 percent of the respondents the car brand plays a very important role in their car purchasing decision. This makes us realize that Kosovo consumers do not see the brand as the main attribute when making their final car purchasing decision.
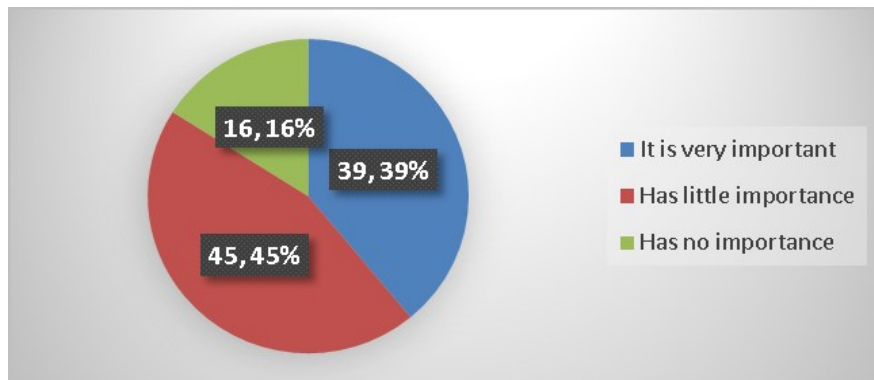
Figure 8: The importance of brand on car purchasing decision

7. Conclusion and Recommendations

The aim of this study was to provide an insight into the impact of car brand on customer behavior when making a car purchase decision and to answer the following research questions:

1. What are the factors influencing the decision to purchase a car to Kosovo consumers?
2. How important is the car brand for Kosovo consumers'?
3. How loyal are Kosovo consumers to the car brands that they own? And,
4. What do Kosovo consumers think about the role of brand in determining the social status and a person's self-esteem?

From the results obtained from this research, it can be concluded that Kosovo consumers are price-sensitive because they ranked the price and the quality as most important factors when making a purchasing decision for cars, while although a number of respondents have considered the brand as important they have not listed it as the decisive factor in making the final purchase decision. Even when brand is offered as the independent cue, it is still not considered very important to them.

The results also show that Kosovo consumers have high brand loyalty, as they will again buy the same brands of cars that they possess. In addition, the results show that buying cars from Kosovo consumers is not related to the desire to increase the

position in a social status or to change the lifestyle, nor does it greatly affect the self-esteem of the person.

Since from the findings of this research we can conclude that the car brand is not considered as a decisive factor in the purchase decision, marketing managers and car dealers can use these data in order to create different price strategies or other promotional forms which put more emphasis on the price, quality and even on country of origin of cars in order to better access their customers.

The research was limited to the study of brand and a small number of other factors in making a decision to purchase a car. Also, it was limited to Kosovo consumers only, therefore it is suggested that future research may be expanded to other factors that affect car purchase decisions or even the impact of brand on purchasing other types of products in Kosovo or elsewhere.

References

1. Aaker, D. (1991). Managing brand equity. 1st ed. New York: Free Press.
2. Aaker, D. (1996). Measuring Brand Equity across Products and Markets. California Management Review, 38(3), pp.102-120.
3. Aaker, D. (1996). Building strong brands. 1st ed. New York: Free Press.
4. Aaker, D. and Jacobson, R. (1994). The Financial Information Content of Perceived Quality. Journal of Marketing Research, 31(2), p.191.
5. Aaker, D. and Joachimsthaler, E. (2000). Brand leadership. 1st ed. New York: Free Press.
6. Kosovo Agency of Statistics (2017). Ask.rks-gov.net. Retrieved 26 August 2017, from http://ask.rks-gov.net/
7. Allaway, A., Huddleston, P., Whipple, J. and Ellinger, A. (2011). Customer-based brand equity, equity drivers, and customer loyalty in the supermarket industry. Journal of Product & Brand Management, 20(3), pp.190-204.
8. Bendixen, M. (2004). Brand equity in the business-to-business market. Industrial Marketing Management, 33(5), pp.371-380.
9. Bloemer, J. and Kasper, H. (1995). The complex relationship between consumer satisfaction and brand loyalty. Journal of Economic Psychology, 16(2), pp.311-329.
10. Buil, I., de Chernatony, L. and Martínez, E. (2008). A cross-national validation of the consumer-based brand equity scale. Journal of Product & Brand Management, 17(6), pp.384-392.

11. Chi, H., Yeh, H. and Yang, Y. (2009), The impact of brand awareness on consumer purchase intention: The mediating effect of perceived quality and brand loyalty. Journal of International Management Studies, Vol. 4, No. 1, pp.135-144.

12. Childers, T. and Houston, M. (1984). Conditions for a Picture-Superiority Effect on Consumer Memory. Journal of Consumer Research, 11(2), p.643.

13. Cobb-Walgren, C., Ruble, C. and Donthu, N. (1995). Brand Equity, Brand Preference, and Purchase Intent. Journal of Advertising, 24(3), pp.25-40.

14. Desai, P., Kalra, A. and Murthi, B. (2008). When Old is Gold: The Role of Business Longevity Under Risky Situations. Journal of Marketing, Vol. 72, No. 1, pp.95-107

15. Gaillard, E., Sharp, A. and Romaniuk, J. (2005). Exploring consumer perceptions of visual distinctiveness. In: ANZMAC Conference. Fremantle.

16. Johnson, M., Herrmann, A. and Huber, F. (2006). The Evolution of Loyalty Intentions. Journal of Marketing, 70(2), pp.122-132.

17. Kapferer, J. (2008). The new strategic brand management. 1st ed. London: Kogan Page.

18. Keller, K. (1993). Conceptualizing, Measuring, and Managing Customer-Based Brand Equity. Journal of Marketing, 57(1), p.1.

19. Keller, K. (2002). Branding and brand equity. 1st ed. Cambridge, Mass.: Marketing Science Institute.

20. Kim, W. and Kim, H. (2004). Measuring Customer-Based Restaurant Brand Equity. The Cornell Hotel and Restaurant Administration Quarterly, 45(2), pp.115-131.

21. Kotler, P., and Keller, K. L. (2009). Marketing management. Upper Saddle River, N.J: Pearson Prentice Hall.

22. Leahy, R. (2009). Brand Loyalty in Fast Moving Consumer Good Markets: The Role of Bonds. International Journal of Business and Management, 3(12), pp.7-19

23. Letchumanan, G., & Sam, C. Y. (2016). Study on the Influence of Brand Name on Purchase of Automobile in Malaysia. Global Business and Management Research, 8(3), 15.

24. Moisescu, O.I., 2009. The Importance of Brand Awareness in Consumers' Buying Decision and Perceived Risk Assessment. Management and Marketing, 7(1), pp.103-110.

25. Motameni, R. and Shahrokhi, M. (1998). Brand equity valuation: a global perspective. Journal of Product & Brand Management, 7(4), pp.275-290.

26. Washburn, J. and Plank, R. (2002). Measuring Brand Equity: An Evaluation of a Consumer-Based Brand Equity Scale. Journal of Marketing Theory and Practice, 10(1), pp.46-62.

27. Woodside, A., Sood, S. and Miller, K. (2008). When consumers and brands talk: Storytelling theory and research in psychology and marketing. Psychology and Marketing, 25(2), pp.97-145.

28. Yeboah, A., Owusu-Mensah, S., Nimsaah, W. and Mensah, N. (2013). The effect of brand name on customer loyalty in the mobile communication industry in Ghana. British Journal of Marketing Studies, Vol. 1, No. 3, pp.62-86.

29. Yoo, B., Donthu, N. and Lee, S. (2000). An Examination of Selected Marketing Mix Elements and Brand Equity. Journal of the Academy of Marketing Science, 28(2), pp.195-211.