Impact Brand on Consumer Decision Making: A Case Study of Beer Brands of Nepal

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Abstract

This study aims to examine consumer purchase decision for beer brands in Nepal. The study has analyzed the factors that determined purchasing beer brands in Nepal. The study examined brand awareness, perceived quality and brand association, with the consumer purchasing decision. The study revealed that brand loyalty had a positive but not significant causal relation with consumer purchase decision for any particular beer brands. Moreover, pricing strategy, revenue management strategies and promotional strategy should be alternative focus to develop consumer purchase decision of the beer companies.

Keywords: *Brand equity, Consumer decision making Process, Beer brands, branding elements.*

Introduction

Nowadays, brand is an important tool to uplift the economy of any country. Buying behavior of people can be changed with the help of brand name and equity. Brand name helps the consumer to choose easily in their busy routine life because people are getting more conscious about the brand name, so companies should consider that competing such environment they have to develop a well-known brand name and image in consumer's mind to influence their choice (Shehzad, 2014). Brand awareness is an important tool that can influence the purchasing decision because when the customer wants to buy a product a brand image or brand name comes to his mind that shows that company or brand has more loyalty. Higher brand awareness tend to have more loyalty and market image (Chi, 2009). Companies use different means to make an image in the mind of consumer that can be a name, symbol design or mixture of these three so that customer can identify specific brand or product. To be in competition brand equity is an important tool to get attention of people that may lead to buying decision (Bansah, 2015).

Brands also have a symbolic value which helps customers to choose the best product according to their needs and satisfactions. Usually people do not buy certain brands just for design and requirement, but also in an attempt to enhance their self-esteem in the society (Leslie and Malcolm, 1992). Brand names present many things about a

product and give number of information about it to the customers and also tell the customer or potential buyer what the product means to them. Furthermore, it represents the customers' convenient summary like their feelings, knowledge and experiences with the brand. Moreover, customer do not spend much time to do find out about the product. When customer considers to purchase they evaluate the product immediately by reconstructed product from memory and cued by the brand name (Hansen and Christensen, 2003).

A brand has a value; this depends on the quality of its products in the market and the satisfaction or content of the customer in its products and services. This provides the trust of the customers in the brand. If customers trust a brand quality, it makes a positive connection to the brand and customers will have a reason to become loyal to the brand. Loyalty and trust of the customers is very important for a company because it reduces the chance of attack from competitors (Aaker, 1996).

The fast-changing business environment has provided many inputs (in terms of both the beer packaging and emotional images built into them) that influences buyers' behavior and keeps consumer preferences in a constant state of flux (Sawagvudcharee & Yolles, 2017). The information revolution and intensifying competition places a large amount of solicited information at the consumer's disposal before buying a product. The informational inputs, advocating the merits of each branded goods, influence the buyer's decision to a great extent. There are various factors that influences the consumer behavior may also be the topics of interest from the marketer point of view. Consumer decision making is highly depended on the branding elements. Brand Equity is the base for making the consumer take decision while preferring the brands. "Brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers" (Cravens, 2003). Brand equity is a valuable asset for a company, which they want to, put in their brands. A power full brand enjoys a high level of customer brand awareness and loyalty.

Customers may perhaps identify definite symbols but be unable to link them any brand or product (Keller, 2008). Logos helps companies to develop the brand equity through raised brand identification and brand loyalty. Logos are very important assets, companies spend enormous time and money to promote brand logos and symbols. Logos and symbol are successful way to get a better place in customer mind. Consumer behavior mainly sheds light on how consumers decides to spend their various resources like time, money etc. on various products so as to meet their needs and requirement. Consumer behavior encompasses study of what, when, why and where the consumers will buy their products. It also focuses on how often the consumers use the products. Furthermore, it also sheds light on how the consumers evaluate the products after the purchase and the effect of evaluations on their future purchases (Schiffman, 2005).

Literature Review

Brands are a complex phenomenon that has been in existence already for centuries. American Association (1999), defines a brand as a "name, sign, symbol, term, design, or a combination of them, intended to identify the goods and services of one seller or group of more sellers and to differentiate them from those of competitors." Brand introduces

stability into business, help guard against competitive imitation, and allow consumers to shop with confidence in an increasingly complex world (Aaker, 1991). When customers make a decision about a brand and its associations, they are often loyal to that brand and they will continue to buy the product from the same brand it in the future, will recommend it to their friends, and will definitely choose the product over others, even those with better features or lower prices (Assael, 1991).

Consumer behavior can be defined as "the decision process and physical activity engaged in when evaluating, acquiring, using or disposing of goods and services." An understanding of consumer behavior is of critical importance to all people engaged in any form of marketing activity. This understanding enables the marketers to find behavior of consumers, to influence their behaviors and to manipulate the influencing variables to gain advantage. The growth in the size of companies and markets has given birth to the marketing research and consumer behavior that has become one of the focal points of marketing (Sawagvudcharee *et al.*, 2017). This is being researched very widely. The products are designed to fit into consumers' perception. The products are distributed as per the consumers' convenience and advertised to communicate consumers and ultimately influence their behavior in favor of its offers. Since the stakes in the business are very high, competition is too stiff and failure of the business is too risky. Therefore, it is desirable to assess the consumers' behavior and their preferences in order to remain competitive in the market.

Researcher in the field show interest in understanding the impact of brand awareness, perceived quality and customer loyalty on purchase intention from reseller's point of view and also focus on examining the mediating role of purchase intention on the relationship of brand awareness and profitability. Data was collected from 200 resellers and Sobel test was used for mediator variable. The results concluded the positive impact of brand equity on purchase decision and also showed that purchase intension only mediates the relationship of profitability and perceived quality (Yaseen, 2011). Earlier research results reveal that the purchase decision of a product is influenced by brand equity and brand loyalty (Jalilvand, 2011). The study focused on the whether the purchase decision is influenced by customer-based brand equity. Aaker's model was used to support the study and data is collected from 403 customers of draught beers and data was tested through multiple linear regression as well as chi square and Pearson correlation. The finding indicated that there was positive relationship between brand equity and purchase intention (Khataan, 2014).

Researchers in their study concluded that brand image, brand trust and perceived quality were some factors of brand equity that had a positive impact on consumer purchase decision, but brand satisfaction and experience had a low or moderate impact on purchase decision. Previous studies have shown that brand management helped enterprises to protect their image and that a strong brand had a high market share. The actual or prospective purchaser of products or services - customer - is an important category in brand management (AMA, 2015). A brand can be successful if the brand management system is competent and as a result of relevant marketing activities could be seen loyal and satisfied customer/consumer. Consumer behavior is influenced by a variety of factors interacting in complex ways. With better understanding of customer's perceptions; companies can determine the actions required to meet the customer's need (Shende, 2014). Due to the current global conditions, the marketplace is becoming a place of a super-saturation of products resulting in brand loyalty disappearance. These conditions can be avoided when companies create loyalty

relationships with their customers. Therefore, it is necessary that the value proposition of the offered brands meet consumers' values and desires.

According to Aaker (1991), there are 11 brand association types including the brand qualities, moral values, benefits it provides to the consumer, related price, usage, user, famous people, lifestyle, product class, competitors and geographical environment. He argued that brand awareness is the ability of a potential buyer to recognize or remember that the brand is a member of a certain product category and includes the connection of a product class and the brand. The role of brand awareness on brand value depends upon both the content and the brand awareness level. Level of brand awareness is one of the factors affecting the market share of the company related to that product. As the number of those in the market who were aware of the brand increase, the chances increase for the market share of the product to increase. The market share being high may be effective in the profitableness of the establishment. Brand awareness is an element of trust for the consumers. In the studies of Macdonald and Sharp, it has been seen that consumers generally prefer brands with high recognition levels despite the price and quality differences.

Aaker (1992) provided the most comprehensive brand equity model which consists of five different assets that are the source of the value creation. These assets include brand loyalty; brand name awareness; perceived brand quality; brand associations in addition to perceived quality; and other proprietary brand assets - e.g., patents, trademarks, and channel relationship. Also, if they are managed well, these assets would add value to the product and services and would create additional customer satisfaction, which in turn provides a number of benefits to the firms (Aaker, 1991).

Conceptual Framework

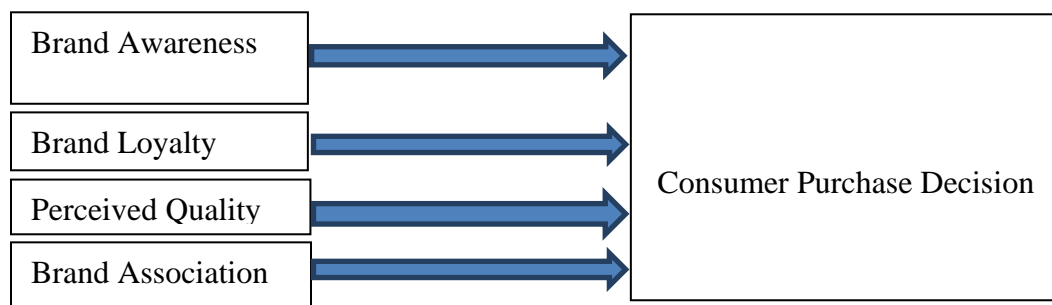**Independent Variable**   **Dependent Variable**

Figure 1.1: *Conceptual Framework for consumer purchase decision on beer brands.*

Methodology

The research was conducted using a quantitative method. The quantitative method will be used to gather the data from the customers of the conveniently selected Restaurants, Clubs, and hotels inside the Kathmandu valley. A self-administered 5 point Likert-scale questionnaire tool was adopted to collect the data from the customers in relations to

customer purchase decision. The research was conducted in Kathmandu valley, which is the capital of Nepal. The sample was including beer consumers who consumed beers from different channels like Liquor Stores, Restaurants, Clubs and Hotels of Kathmandu. The independent variable used in this research are brand awareness, brand association, brand loyalty, and perceived quality whereas, the dependent variable used in the research to study the customer purchase decision.

The population of the study consists the consumers who are above the legal age i.e. above 21 for consuming beers in Nepal. The population of the quantitative study is known as there were 11, 12, 650 no. of consumers who are above the legal age of drinking alcohol. For this research, only 4 different channels will be studied as per the convenience of the researcher.

Research Hypothesis

H1: There is a significant relationship between brand awareness and consumer decision making for beer brands in Nepal.
H2: There is a significant relationship between the brand loyalty and consumer decision making for beer brands in Nepal.
H3: There is a significant relationship between perceived quality and brand equity of star hotels in Nepal.
H4: There is a significant relationship between brand association and consumer decision making for beer brands in Nepal.

Findings and Results

As mentioned earlier the research was conducted using only quantitative method, the summary of findings from the quantitative methods is explained below: The samples comprised of 400 respondents with 288 male (72 per cent) and 112 females (28 per cent) respondents. The study also found that most of the respondents were from 26yrs to 30 years old. This age group is young and mature who wants to have fun in their personal and professional life. From total respondents, 213 numbers of respondents belongs to 26 yrs. to 30 yrs. old. And less number of respondents from an age group from 41 yrs. to 45 yrs. i.e. only 3 respondents.

The education qualification of respondents had passed minimum school level education. 278 respondents were studying at the Bachelors level, 16 respondents were doing Higher Diploma, 35 respondents were studying Intermediate level and 53 respondents were doing Masters level. The study also showed that the employment status of the beer consumers. Most of the respondents i.e. 273 respondents were employed. Out of 400 respondents, 23 of them were self-employed. 74 respondents were students and 30 were unemployed. So, it represents that mostly the bachelors level respondents purchased and preferred beers.

The study also shows that maximum number of respondents i.e. 213 respondents were having the income level of Rs. 15001 to Rs. 25000. And the least respondents were 19 respondents who were having their income level from Rs. 25001 to Rs. 35001. 104 Respondents were having income level of below 15000. This clearly means that those

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who were earning between 15001 to Rs. 25001 were having more number of beer purchases. Whereas the Adjusted R^2 shows that 38 percent of the variation of the independent variable is explained by the dependent variables.

Table 1 Correlations

(The table shows the correlation table where dependent variable is Consumer decision making and independent variables are brand awareness, brand loyalty, brand association and perceived quality).

Correlations

	Perceived Quality	Brand Loyalty	Brand Awareness	Brand Associations	Purchase decision
Perceived Quality	1				
Brand Loyalty	0.828**	1			
Brand Awareness	0.803**	0.753**	1		
Brand Associations	0.744**	0.768**	0.842**	1	
Purchase decision	0.571**	0.534**	0.586**	0.574**	1

** Correlation is significant at the 0.01 level (2-tailed).
Source. Author, 2018

From the above table we can confirm that there exists significant and positive relationship between Perceived Quality and Purchase decision at 0.01 level of significance. It means that if Perceived Quality is increased then Consumer Purchase decision also Increases. Similarly, there exists significant and positive relationship between Brand Loyalty and Purchase decision at 0.01 level of significance. It means that if Brand Loyalty is increased then Purchase decision also Increases. There existed significant and positive relationship between Brand Awareness and Purchase decision at 0.01 level of significance. It means that if Brand Awareness is increased then Purchase decision also increased. Similarly, there exists significant and positive relationship between Brand Associations and Purchase decision at 0.01 level of significance.

Table 2 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.621[a]	0.386	0.380	0.69766

Source. Author, 2018

In the above table, we can see the summary of the model used. Here we can see the Adjusted R Square being 0.380 which mean the independent variables just explain 38 percent of the Purchase decision. Also, the standard Error of the estimate is 0.69766.

Table 3 ANOVA Table

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	120.862	4	30.216	62.079	.000[b]
Residual	192.256	395	.487		
Total	313.118	399			

Source. Author, 2018

From the above table we can infer that the overall regression model was statistically significant at F = 62.079. Since, the value of significance is less than 0.05, the four independent variables or predictors when taken together can significantly predict the Purchase decision or the dependent variable.

Table 4 Coefficient Table

Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	1.096	0.163		6.715	0.000
PQ	0.222	0.081	0.220	2.737	0.006
BL	0.036	0.079	0.035	0.453	0.651
BA	0.198	0.081	0.206	2.451	0.015
Bas	0.211	0.079	0.211	2.668	0.008

Source. Author, 2018

In the above table we can see the standard error, beta coefficient, t value and significance of all the independent variables Perceived Quality, Brand Loyalty, Brand Awareness and Brand Associations with respect to dependent variable which is Purchase decision. The table indicates that higher the Perceived Quality higher would be the Purchase decision. It further showed that higher the Brand Associations higher chances for the Purchase decision. It further showed that higher the Brand Awareness higher the

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Purchase decision. But Brand Loyalty and Purchase decision has negative relationship and not significant which means higher the Brand Associations lower will be the Purchase decision.

Conclusion

The study finds that brand awareness, perceived quality and brand association have a positive impact on consumer decision making whereas brand loyalty is not significantly related to consumer decision making. In the present research, in the context of beer brands in Nepal, brand awareness, brand association, perceived quality is significantly contributing to the consumer decision making. Whereas, one variable namely brand loyalty is contributing insignificantly. This dimension i.e. brand loyalty towards consumer decision making needs to be given more attention by the beer companies in Nepal to make positive and to contribute to the dimensions of consumer purchase decision. The insignificant contribution of the brand loyalty to the consumer purchase decision of beer brands in Nepal implies that beer consumers are unable to become loyal and don't purchase the same beer brands every time. In the study, it was found that the majority of the respondents were accompanied for relaxation whereas, the minority of the respondents were accompanied for friends' circle enjoyment.

It was found that all the participants agreed that beer brand strategy is very much important in today's context. Majority of the participants agreed that pricing strategy and promotional strategy should be mainly focused. It was also found that promotional strategies and revenue management strategies are also equally important. Moreover, it was found that half of the population of participants believed that brand awareness is more important element whereas, the half population of the participants believed all the elements are equally important.

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