

CONSUMER BEHAVIOUR AS STRATEGIC FACTOR OF BRAND MANAGEMENT

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Today management of mutual relations with brand consumers is a business priority. Creation and maintenance of favourable leadership in the market during long time or preservation of competitive advantages remains an overall objective of the companies. Only those branding strategies which are developed on the basis of research of emotions and realities of a consumers' life achieve the biggest success. Having provided high-level analysis of behaviour of the consumer, it is possible to reveal "hot buttons", skiful pressure on which will allow to raise not only consumer intensions to purchase fulfilment, but also to generate high loyalty to a brand.

As the market becomes more open, the interest to Ukraine of investors and the foreing companies which actively master the Ukrainian market increases. As the result, at consumers will appear wider choice of various and attractive brands. The Ukrainian business should compete lo the skilled operators of the market extremely effectively using advantages of the brands. Therefore it is necessary for domestic companies to do two things. Firstly, to protect the market from the gushed stream of brands, that is to create and strengthen own brands. Secondly, it is necessary to deduce local brands for the world market to begin a competition on a world scene. For this purpose it is important to have understanding of new approaches and the technician branding, tools of construction of mutual relations with clients.

Questions of behaviour influence of consumers on management of a brand are examining in robots of such foreign researchers, as T.Foksol, R.Goldsmit, D.Statt, S.Brown, J. Trout, R.Buehanan, D.Blekuel, J. Engel, J.Miniard, H.Ganter, A.Feriham. M.Solomon, Baumgartner H., etc. The given problematic are devoted also works russian and domestic scientists: I.V.Alyoshinoy, I.N.Berger. D.A.Kiknadze. G.I.Kisotskogo, V.A.Zaharova, A.M. Sergeeva, E.A.Bojchenko, O.U.Juldashevoj, O.V.Zozulyova and others¹.

The analysis of the moderm economic literature tsesiisies that fundamental studvmg of teoretiko-methodological bases of consumers¹

¹ Baunngartner H. Toward a Personology of the Consumer // Journal of Consumer Research. – Vol. 29. - September 2002. – P. 286-292.

² Engel J., Blackwell R.D., Miniard P.W. Consumer Behavior. 8-th ed. The Dryden Press. -1995. – P. 951

behaviour today proceeds, besides, focusing of attention of economists on the given problem will occur and in the long term developments of a human civilisation, as, according to Kurakova L.P. "... Development of requirements causes by a life new kinds of human activity, and the last, in turn, cause occurrence of new requirements and so indefinitely"².

The purposes of given article is the establishment of interrelation of consumers' behaviour and brand management strategy, definition of strategic actions for increase of consumers' satisfaction.

The modern consumer is more prudent, he has less time, the choice in the market extends, he sees absence of functional distinctions in the goods and the services offered by the various companies more distinctly, the mutual relations with the consumer can be named "the field of fights" for (the companies which is defined and it is caused by brand promises. It is necessary to understand, what means the loyalty of consumers and who the consumer is. But even this understanding is not enough.

In process of brand development, for maintenance of competitive advantages of the company in the market, work with the consumer should vary constantly alter the changes of consumers' preferences. Whatever researches were spent by the company, first of all the basic attention should be concentrated to the consumers, whatever "category" (or the consumer segmented approach) was used, understanding of brand force and its positioning is a success basis.

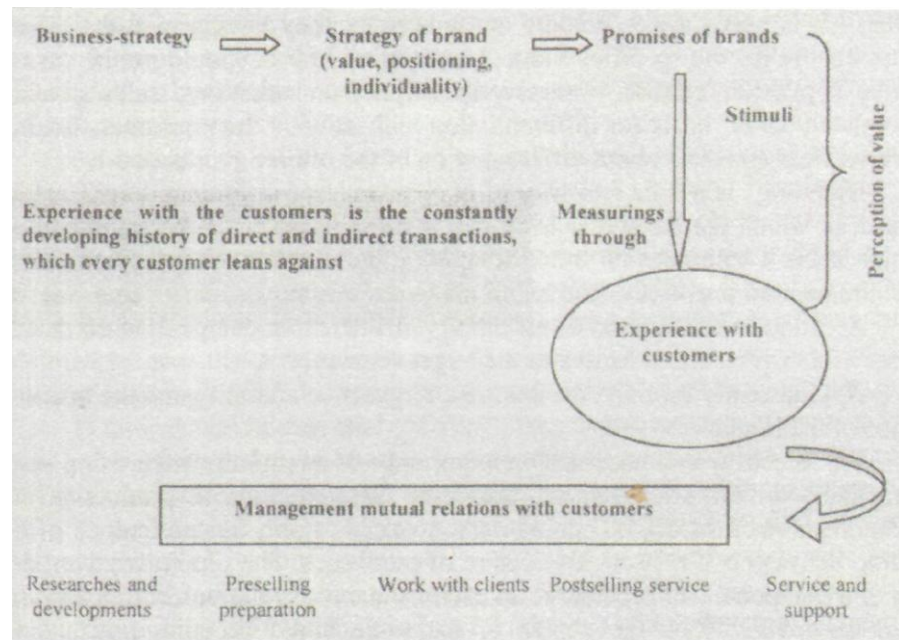
In model "Brand Management Strategy" (W. Reinartz, 2002)³ is considered interrelation of three basic links: "strategy of business of the company - brand strategy - management of mutual relations with consumers", (fig. 1),

Working out of consumers' model of behaviour is one of brand elements, the idea of this element consists in all-round studying of belief and behaviour of the buyers concerning a brand. When there is a speech about group of consumers, which are loyal to a brand, there is a problem of delimitation of the given segment for the company. As we know, segmentation can be spent by various criteria: socio-economic, demographic and other. But in some cases set of consumers cannot be allocated on the basis of such criteria. Nevertheless, it is necessary to receive a problem answers to two important questions on the trade mark for a brand manager: 1) How consumers choose the mark at purchase fulfilment? 2) In what condition the mark is compare with brands of competitors? If the company knows the answers, it

² Kurekov L.P. *Economic theory*. – Moscow: Gelios, 1999. - P. 126

³ Reinartz W., Kumar V. *The Mismanagement of Customer Loyalty // Harvard Business Review*. – 2002. - July. -P. 4-12.

positions become more precisely and expands the mark, and also influences process of a consumer choice, thereby, using energy of the mark most full.



A management mutual relations with users is an aggregate of nil processes, necessary for monitoring, estimation, modification and distribution of experience with users for maintenance of steady interest

Fig. 1 The model of brand strategy

At interrogation the majority of consumers do not specify the mark as the main criterion, it may be because for them consists variety of criteria, such as: high quality and reliability; stable functional characteristics; acquaintance; presence on sale and convenience; a parity the price/value; ability to solve a problem of the user; consumer service; advertising.

Having defined the general list of criteria on which basis decisions are made at purchase, it is necessary to find out, how buyers of the goods of firm and the companies of competitors estimate mark in relation to competing brands. As a rule, participants of interrogation are asked to estimate a number of competing marks (on a scale from 1 to 5). At interrogation it is possible to receive relative, instead of an absolute estimation of brands, then it is necessary to find out, in what and how marks differ.

Lambin (1993)⁴ allocates six conditions, necessary for successful differentiations: - the mark should give to the consumer additional value; - this value can be shown as in a kind of more satisfactions, and as the smaller price; - it is necessary to prepare consumers for they having paid the price extra charge for the specified value; - competing brands should not be capable to copydifferentiation; - received receipts from additional sales should completely cover costs for differentiation realisation; - the consumer should receive clear concepts about differentiation of the offered production.

Branding is a concrete way of maintenance of differentiation. Thus a brand, in which the consumer is mostly interested, becomes the standard on which basis it estimates all other competing brands. In such conditions, the communication problem of the brand-manager is dual:

A) To generate a brand as essentially distinct from competitive on those parametres which are attractive to the target consumer;

B) Constantly remind consumer the target of availability and the importance of the brand.

The accent which becomes on importance of a reminder advertising and campaigns for the advancement, providing differentiation of production in comparison with offers of competitors, works not only on preference of a brand, but also is direct on stimulation of purchases. The reminder advertising is a component of process of an establishment of relations with a brand, their fastenings when the choice of the same brand becomes practically automatic action for the consumer. Such constant relation can be strengthened and supported by means of various ways, in which number of coupons on packing for competitions, etc.

Besides the general perceptions of language and culture, branding demands similar perception of the social importance of a situation from consumers and from other representatives of a reference group. If to speak about fashionable clothes and accessories, this tendency is accessible to supervision. The essence of the social importance which is received by the consumer from a brand, in many respects depends from personalisation of it, its characteristics and vital style.

Brands assume compensation for their purchase and use. It is usually reached by means of messages which increase a consumer self-estimation. As an example it is possible to result consumption of expensive marks of strong spirits. Compensation can accept and more significant social forms accepted for various target groups / of social classes.

Deeper levels of branding are focused on an establishment of the personalised relations with the consumer. As a personalisation of the brand is a

⁴Lambin J.J., Hiller T.B. Volvo Truks in Europe. 1990. in: Kerin R.A. and Peterson R.A. Strategic Marketing Problems, Boston MA, Allyn & Bacon, 1993.

set of the psychological and social parameters expressing the basic values, relations and styles of a life of representatives of target audience. In many communications personalisation becomes evident by means of attraction of well-known people that advance the given brand. It allows the brand to pass easily from one segment of the market to another, from one national or religious culture to another since TV, sports, music become more and more global components of culture.

Personalisation of the brand in a combination to functional and emotional attributes form a basic formula for all creative strategy. This formula is called as a platform for a brand and consists of the basic characteristics of a brand (a sign, colour, etc.) which are built in a brand, thus the style of a life is the most useful variable for marketing segmentation. The dependence kind, which brand receives with the consumer in the market, is substantially defined by how the personalisation is developed. There are two main objectives of working out of characteristics of personalisation and style of a brand:

1) they should be essentially distinct from characteristics of personalisation and attributes of style of other brands offered in the market. In this case the brand can take of a good position in relation to brands of competitors;

2) they should reflect the most significant (the strongest and obvious) characteristics of personalisation and a sociality of consumers in the target market. In this case, consumers can identify themselves within the limits of a brand, accept it within the limits of social relations which develop at them.

For understanding of essence of personalisation exists three basic approaches: psychoanalytic, psychosocial (taking into account formation own "I" at the person) and on the basis of properties of personalisation (propensities of the person to behave anyhow in certain situations).

Usually personalisation of a brand is built in style of a life of consumers and by that the management of mutual relations with consumers is reached. Fastening of system of mutual relations goes forward, through elements of behaviour of the person: reaction, an act, a steady set of actions and activity, as steady, habitual process of ability to live of the consumer.

In P.J.Peter, J.C. Olson's model (P.J.Peter, J.C. Olson's 1999)⁵ communication between consumer activity and a communication set on which basis the activity of the consumer connected with a brand is formed is well traced, i.e. the model of management by mutual relations with consumers is formed. So, the brand basis is formed by image of a brand (excepted by the consumer) and recognition of a brand (set by the expert in marketing). The model of management with consumers is presented by mutual relations as a chain of the connected stages: perception of the consumer; consumer activ-

⁵ Peter P.J., Olson J.C. *Consumer Behaviour and Marketing Strategy*. - 4 th ed. - Chicago: Irwing, 1996. - 738 p.

ity; a brand; a communication set; a marketing set; strategy of the expert in marketing on brand use.

Loyalty of the consumer is based on feeling of satisfaction the goods or service. Thus the main question is the interrelation establishment between loyalty and degree of satisfaction of consumers. Behind satisfaction degree it is possible to allocate following categories of consumers: **1) completely the dissatisfied; 2) the dissatisfied; 3) the neutral; 4) the satisfied; 5) completely satisfied.**

Research of the Ukrainian companies for which trainings were carried out and consulting services were rendered, have shown, that managers have following belief: *first*, they are convinced that it is very difficult to satisfy completely consumers (as a matter of fact - it is impossible) and if not below a category Jfs 4, it is possible to say satisfaction level that in the company steady enough relations with consumers; *secondly*, financial investments to make of simply satisfied consumers completely satisfied is not wise use of resources;

Thirdly, managers are assured that if consumers are satisfied, including and a category Hz 3, it is necessary to concentrate the efforts to those consumers which are dissatisfied (categories N° 2 and N° 1). After the dissatisfaction reasons will be established, concentration of efforts to satisfaction of these categories of consumers will be reasonable use of resources.

Different degree of satisfaction is caused by the different reasons and demands various methods of improvement. It is possible to allocate 4 cores of the factor of influence on satisfaction of consumers:

- the basic properties of a product or the service, which consumers expect and from all competitors of the company;
- the basic system of service of a product and its support;
- ability of the company to compensate losses;
- organisation possibilities to satisfy individual expectations of consumers (or to differentiate the goods).

For the companies the true understanding of needs of consumers is strategically important.⁶ For monitoring of level of satisfaction of consumers it is possible to offer the scheme in 3 steps. *The first step* — to establish the control over level of satisfaction and loyalty which will occur impartially, consistently and widespread. Very important is a subjectivity exponent as always in the companies there are forces which try to influence an end result. The sequence will allow to receive not only current data, and to reveal tendencies and to do forecasts. The widespreading will allow to compare efficiency of use of the limited resources of the company in different regions, divisions and etc. Fac-

⁶ Joseph Pine, Don Peppers, and Martha Rogers. Do You Want to Keep Your Customers Forever? // Harvard Business Review, July 1995.

tors which can be used at monitoring of the program of loyalty: quantity of the repeated purchases made each client; the sum of repeated purchases; time of repeated purchases; quantity of constant clients; client tastes; quantity and character of complaints (claims). Construction of the schedule of dependence of loyalty from satisfaction degree in the different markets on the basis of the information received from concrete consumers can be *following step*. Then it is necessary to find out, what factors influence a curve bend. Definition of strategy of increase in satisfaction of consumers is *the third step*. In tab. 1 the general recommendations concerning definition of strategic actions depending on a prevailing category of consumers are resulted.

Table 1.

Definition of strategic actions for different categories of consumers

Situation	The most part of consumers	Strategic actions
1	Categories № 2-3 (dissatisfied)	Maintenance of base (basic) components of a product, which it is possible to expect from each competitor in the industry
2	Categories № 3-4 (neutral)	Maintenance of corresponding level of accompanying services, working out of an active policy of indemnification of losses at occurrence of problems
3	Categories № 4-5 (satisfied)	Understanding and satisfaction of concrete requirements of the client, significant for it personally

All three resulted above a situation can act in roles of consecutive stages of a gain and deduction of consumer loyalty. This three-stage process has a number of the important remarks. First, for increase in loyalty of consumers of variety of products with different ability to satisfy different actions are necessary to requirement. Secondly, it is very important to carry out stages in that sequence in which they are resulted above. Certainly, it is possible to make break in technology, to invent absolutely new product, to improve services, but as practice shows, very few companies are successful in such breaks. Horst Schultz, the President and the Head of Board of Directors of a network of hotels Ritz-Carlton Hotel Company (the company-conqueror of the National Award from Quality of Malkolm Boldridge) in this occasion has told: " Until your consumers are not satisfied on 100 %, and not simply satisfied, and is simple in delight of what you do for them, it is to what to aspire for you. And if you have reached this of 100 % of satisfaction of consumers, make sure, that you watch closely possible changes of these of 100 % quickly to vary together with them "⁷.

⁷ Chekitan S. Dev and Don E. Schultz *In the Mix: A Customer-Focused Approach Can Bring the Current Marketing Mix into the 21st Century // Marketing Management. - 2005. -Vol.14, I.*