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THE CONSUMER DECISION-MAKING PROCESS WHICH FORM DOMESTIC BRAND LOYALTY: A LITERATURE REVIEW

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Abstract

This paper presents a literature review regarding consumer decision-making process and its impact on creating domestic brand loyalty. The paper focuses on investigating previous studies on the topic. The articles are collected from Scopus and Web of Science, analysed by using decision-making process and domestic brand loyalty concepts. As filtering criteria for articles were used relevance, methodology, analysis details, results and implications for future research. The results provide an overview of the context regarding decision-making process and each phase impact. Furthermore, the impact of this process in brand loyalty explored by previous scholar has been analysed for the purpose of this paper.

Keywords: brand loyalty, domestic brand, decision-making process, purchase decision, developed countries, developing countries.

1 INTRODUCTION

Companies are founded to fulfil the costumers' needs. Moreover, buying products are considered challenging action within the decision making process. However, the process is followed by costumers during the time they purchase outputs of the domestic companies. Customers are opposed to the information asymmetry concerning the intrinsic value of the product and its usage. Consequently, they tend to eliminate information asymmetry via conducting extra research regarding product attributes. The decision-making process is not time constrained when consumers face lack of information concerning the quality of the product (Bansal and Voyer, 2000). According to Bansal and Voyer (2000), the relationship between consumer knowledge about the product and suggestions they obtain from friends and relatives is strong. Consumer loyalty is considered key element for the economic entities in achieving stable and long-lasting profit (TaghiPourian and Bakhsh, 2015). Consumers that constantly buy products from the same brand and are willing to spread their satisfaction are qualified as loyal consumers (TaghiPourian and Bakhsh, 2015). In addition, consumers are considered loyal when they constantly purchase and expose their satisfaction level for the same brand.

The decision-making process is influenced mostly by the way information are received. Evaluating obtained information has the identical level of the importance as the process of collecting information. According to Solomon et al. (2006) products and brand, features are mainly appraised before the final decision is made. Moreover, costumes on occasions are leaded by their emotions and do not analyse the consequences of buying behaviour (Becker, 2016). When numerous choices are presented takes time in the context of gathering information and classifying them. Correspondingly, costumers will be able to decide which product to buy. In contrast, Solomon et al. (2006) refer to the time consumer will spend when they purchase products while deeply analysing information will have negative tradeoff on time spent for the other activities. The traditional methods of decision-making process applied were facing changes due to increase in the internet usage (Darley, Blankson and Luethge, 2010). Previously, searching for information and places to buy product has been limited. Nowadays, due to technological evolution information availability, consumers are exposed to a diverse set of options. Due to super-crowded shops, the internet can facilitate purchasing process by allowing consumers to buy products whenever they find it convenient (Huang et al., 2017). Standing on the work done by Huang et al. (2017) concerning overcrowded places confirms that consumers

feel attached to the brand and the need of being part of the group. Moreover, the study also implies that the need of belonging is fulfilled only in the case when the brand is mentioned. Purchasing online deliver signals to consumers on the trust and risk that they must undertake. Kim et al., (2008a) state that consumers decide based on reputation, privacy and security protection provided by suppliers. In contrast, the work differentiates itself from the previous scholars since it is the first attempt to measure brand loyalty factors in Kosovo. Since Kosovo is an emerging economy, a lot of structural changes occurred. The economic system went from the centrally managed economy to the market-oriented economy. However, during the transition enterprises experienced enormous managerial modifications. Enterprises were based on the output objectives during the socialist era, while currently operate under the market forces. The business environment and consumer behaviour have gone through constant changes, this is expressed in Kosovo as well. Enterprises face various obstacles to generate loyal consumers to their brands. Most of Kosovans are employed in education, construction, trade and less on manufacturing companies. Based on Kosovo Agency of Statistics report (2017) the employed average is 42.8 %. The other report regarding the structure of the companies in Kosovo, 47.7% of companies have trade as their main activity (Berisha *et al.*, 2017). Eventually, trade has the highest traffic regarding profit, and most of Kosovans work in these companies. Furthermore, the average salary in privat sector is 371 EUR and in public sector is 525 EUR.

This paper is organized as follows. The second section describes the brief theoretical framework of the decision-making process. Methodology and data collection stands in the third section. The fourth section contains discussion and findings while the conclusion is in the last section.

2 LITERATURE REVIEW

The initial phase of the decision-making process is identifying the need which must be fulfilled. Motivated by the need consumers try to find the suitable channels regarding information obtainability. The next step is evaluating all alternatives, followed by purchasing decision and post-purchasing evaluation. In contrast, for online purchase customer, the decision-making process is unstructured (Häubl and Trifts, 2000). Häubl and Trifts suggest that consumers first scan the information obtained, but not analyse them in depth. The following step is to evaluate the alternatives, compare, and make the purchase decision.

Solomon et al. (2006) confirm that decisions done by costumers are influenced by information availability. Information regarding the product attributes may not be sufficient to decide when purchasing the product. Word of mouth as a source of information has a higher impact on consumer buying decision. However, the brain finds it easier to save them and access later than the information provided in the printed version (Grewal et al., 2003). Furthermore, similarities between brands have a positive impact on considering the suggestion to buy the product (Grewal et al., 2003). The study done by Tarpey and Peter (1975) explain the core concept of consumer decision-making process. According to their study, consumers decide to maximize the net valence, based on their attractiveness or awareness of the decision. According to Kohli et al. (2004) online purchasing channels consume more time than the traditional instruments due to information asymmetry. Generally, the filters which are available when searching for information facilitates data collection (Häubl and Trifts, 2000).

Evaluating alternatives is not the same for every customer. The image of origin country matters a lot during this stage of the process. Globalization has generated problems in the country of origin for products. In developed countries, consumers choose domestic products (Essoussi and Merunka, 2007). The opposite is for developing countries, they choose products from western countries (Essoussi and Merunka, 2007). Another link with products and country of origin is the perception of quality. Products from the industrialized country are rated as higher quality

than unindustrialized countries (Essoussi and Merunka, 2007). Frequently, filters presented by the online supplier help during the online purchasers (Häubli and Trifts, 2000). Filters such as recommendation agent and search engine present the most frequently searched information by the customer.

The purchase decision is affected by several factors where brand awareness is considered as the key element. Chi et al. (2009) in their study on the cellular phones, besides brand awareness, they found that perceived quality and brand loyalty are additional components. Adding factors which firmly affect the purchase intention are brand identity and brand recall. All those components will lead consumers to buy well-known brands. When purchasing online, the feedback given by previous costumers is considered as the factor with the highest impact (Kohli et al., 2004). The study continues to mention other influencing factors such as privacy, security and buying believe. Namely, for the online buyer, the decision they take is very complex but precise. Kim et al. (2008b) in their research about trust-based consumer decision-making in electronic commerce highlight the relation between trusted brand and purchasing intention.

In the post-purchase evaluation phase, consumers decide if they will buy the same product permanently. The utility they will have from the product they bought is expected to be shown in this phase. Bigné et al. (2005) emphasize a positive relation between intention to return and willingness to recommend. Moreover, the study confirms that the quality of services is important elements of the satisfaction level. The importance of quality regarding services provided by companies are also emphasized done by Kuo et al. (2009). The scholars confirm the strong relationship between quality of services and perceived value, customer satisfaction, and post-purchase intention. Moreover, word of mouth is equally important as for offline and online purchasers. Satisfaction level, advertisement and fashionability of product are equivalent elements for online purchasing (Dellarocas and Narayan, 2006).

Consumer decision making is highly linked with individuals' experience. Good experience tends to shorten the process while bad experience tends to change the whole process or use other strategy followed before the process (Hoyer, 1984). Grewal et al. (2003) confirm the word of mouth as the cheapest way of communication, credible and trustworthy. Continuesly, Aaker and Keller (1990) offer strong evidence which links brand awareness with brand loyalty. Huang et al. (2004) argue that online purchasers that stand for brand name and brand status that is positioned as the least risky element within the decision-making process. Bloemer and Kasper (1995) state the possibility of consumer satisfaction translated into consumer loyalty is considered as the positive effect on brand evaluation. Additionally, not on every purchase consumer follow the same decision-making program. Depending on the current situation, consumers adjust to the decision-making process. Rundle-Thiele and Bennett (2001) study imply the importance of diving brand loyalty based on product category. The reasoning is that the division will help companies to create an adequate marketing strategy. For e-brand loyalty, psychological factors are the determinant factor for consumers to be brand loyal and brand committed (De Vries and Carlson, 2014). Psychological factor influences as well the positive word of mouth and increase the changes for purchase in future. Regarding multicultural brands, consumers tend to show a higher level of brand loyalty for brands which reflect individual culture (Palumbo and Herbig, 2000). Furthermore, powerful culture member tends to present a higher brand loyalty attitude.

Wang et al., (2004) considers that consumers in developed countries consider imported goods of lower quality and they would prefer domestic goods. Moreover, consumers prefer domestic brand in cases when the information provided about the foreign brand are not sufficient (Lu Wang and Xiong Chen, 2004). The study conducted on Chinese economy by Wang et al. (2000), is considered as the opposite situation regarding domestic and foreign brands. Moreover, the study confirms that consumers consider the brands from developed country as

higher quality. Identical results have been reached also in countries such as Nigeria (Agbonifoh and Elimimian, 1999), Romania and Turkey (Ger, Belk and Lascu, 1993), India (Brand Local *et al.*, 2000) and China (Li *et al.*, 1998; Sklair, 1994).

3 METHODOLOGY

The sample size is focused on the Kosovo economic environment. Moreover the study sample considers seven major cities in the Kosovo republic. Primary data are considered to answer the research questions. Questionnaires will be utilized to gather qualitative data. The sample size is calculated based on the following formula):

$$n = \frac{N * X}{X + N - 1} \quad (1)$$

where,

$$X = \frac{Z_{\alpha/2}^2 * p * (1-p)}{MOE^2} \quad (2)$$

Sample targets employees in private and public sector. The age of respondent varies, within fifteen to sixty-four years old. Regarding gender, the majority will be male since the percentage of employed male is higher than female. Part of the sample is respondents living in rural and urban areas. In the following figure will be explained the plan for gathering data process:

To analyse the collected data structural equation modelling will be used. The reasoning is that the mentioned model is commonly used for behavioural studies (Schumacker and Lomax, 2010). Also, the model will allow describing the relation between variables.

4 RESULTS

Scholars have different opinions concerning the valid model that creates brand loyalty. Since Kosovo is a young transitional economy, application of the brand loyalty model might generate interesting results for scholars. Moreover, will be analysed the loyalty of consumers for the domestic brand and the impact on the decision-making process of employed citizens. The study is for offline and online buying. The relation between each decision-making stage and brand loyalty factor will be analysed as well. Following the literature review, the first phase of decision making, identifying the need which should be fulfilled is not relevant when analysing brand loyalty. Gathering information, evaluation alternatives, purchase decision and post-purchase evaluation are able to provide evidence for brand loyalty. The expected results will be given explanation for the impact of the decision-making process on consumer loyalty for domestic products. The research will be based on primary data. To analyse the collected data structural equation modelling will be employed. The reasoning is that the mentioned model is commonly used for behavioural studies (Schumacker and Lomax, 2010). Also, the model will allow describing the relationship between variables.

Brand loyalty level will be analysed based on the following criteria: product quality, brand name and promotion. Based on literature review, these are the factors which influence mostly on creating loyal consumer for a brand. Furthermore, the mention factors of brand loyalty will be evaluated for their impact on every phase of the decision-making process. Search for information is expected to provide a solution of brand influence and information channel usage. In this phase, the promotional mix will be taken into consideration as well. Evaluate alternatives is expected to answer related to selective filters applied regarding the brand name, product quality or promotion impact. Purchase decision, regarding brand awareness, is explored, but not that much about brand loyalty. As the critical phase of decision making, the post-purchase

evaluation will provide an explanation of impacted factors which allows consumers to express their satisfaction level and buy the same brand over and over again. Additionally, analysing each factor separately, they will be analysed together as well.

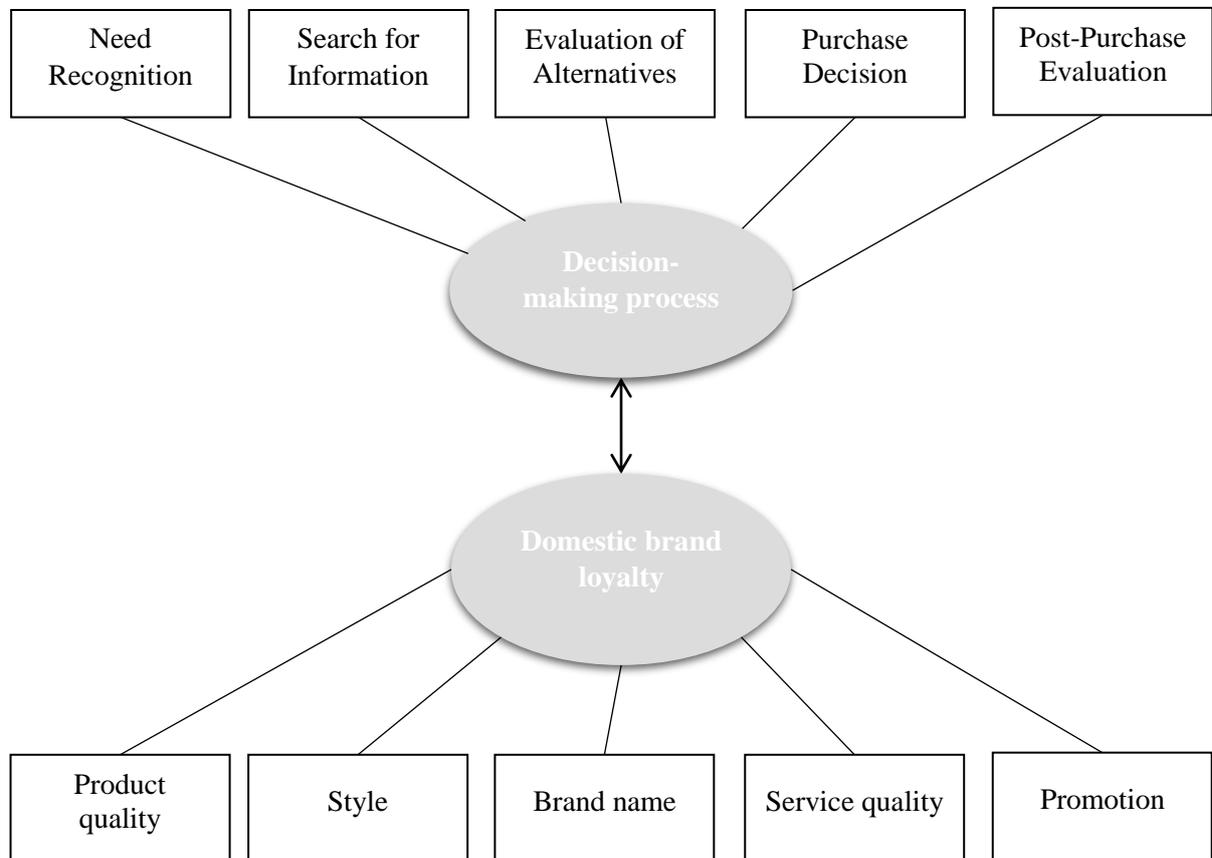


Figure 1. The conceptual framework, Source: Designed by the authors

5 CONCLUSIONS AND IMPLICATIONS

Tracking consumer behavioural changes during online and offline purchase has motivated numerous scholars to work in the field of brand loyalty. This paper has outlined issues for interested shareholders regarding the decision-making process and domestic brand loyalty concept. The study tends to provide a better understanding of the impact of each stage of the decision-making process on strategy development for building domestic brand loyalty. Ideally, all consumers would follow the same path of the decision-making process. However, due to different factors, this is not possible. Consumers purchase decision is affected by emotions, information availability, supplement, time, technology evolution, risk, and numerous other factors aimed to identify within an empirical research. In consumable markets, behavioural measures are suitable for forecasting the brand loyalty level. Due to behavioural changes, consumers' ability to adjust to divergent situations and decide under different circumstances impacts purchase process and brand loyalty. Measuring the attitudinal loyalty could predict the consumer behavioural brand loyalty, leading to the marketing strategy building. This is important because the behavioural change affects the market generally.

Future research is required, which empirically evaluates the decision-making process and its impact on creating loyal consumers for domestic brands. The research can be done by different groups. Differences are likely to exist due to dissimilarities in purchasing. In addition, the drivers of brand loyalty in the different market types need to be empirically studied.

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