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**BRAND IDENTITY IT'S IMPORTANT  
IN CONSUMER BEHAVIOR  
OF CARACOL BRAND?**

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**Abstract:** This work aimed to analyze the importance of brand identity in consumer behavior of baby clothes and accessories and if that behavior has consequences loyal and willing to pay a premium price. The brand identity is seen as containing a wide range of constructs associated with it, such as brand awareness, brand image and in this case also, the image of the store. On the other hand, if the brand has a strong identity, consumers will be willing to repeat their purchases and pay a higher price for the brand. For it became a collection of quantitative data through a survey conducted in stores and estimated a structural equation model. The main conclusions were that brand awareness is weak but consumers are loyal and are willing to pay a higher price.

**Key-words:** Baby Clothes Brand; Brand Identity; Brand Loyalty; Premium Price; SEM.

## 1. Brand Identity

The brand is an asset of the company that has gained increasing importance and thus has increasingly captured the attention of managers. The American Marketing Association defines a brand as the name, term, sign, symbol or design that identifies the goods or services of one seller or group of sellers and to differentiate them from their competitors. The brand concept is just so much more comprehensive than its graphical representation (Morgan and Rego, 2009; Keller and Lehmann, 2006, Aaker, 1996; Aaker and Joachimsthaler, 2000; Keller, 1993; Chernatony and McDonald, 2003; Kapferer, 1997), comprising a range of intangible variables.

The role of brands is to help ensure the company's identity. The identification of a brand, is a recognition factor and learning, which will translate to certain consumer behavior (Morgan and Rego, 2009). Consumers will together with their past experience in brand awareness, acquiring brands that meet their needs and desires.

In order to understand the effect that the brand identity has on consumers, the consistency of identity with the brand concept has to be emphasized through the company's strategic options. This will facilitate the recognition and brand recall by consumers in an environment where there are multiple competitive

options (Sonnier and Ainslie, 2011). The consistency of the brand concept must stand the test of time, leading to the creation of an identity. There should be a consistent increase during a prolonged period, the strategies for creating the concept of brand, to keep the connection between identity and brand image (Chernatony and McDonald, 2003; Kapferer, 1997; Keller, 1993, 1998; Aaker and Joachimsthaler, 2000; Carrilat et. al., 2011; Monga and John, 2010; Batra et. al., 2010; Janonis et. al., 2007; Fischer et. al., 2010; Sonnier and Ainslie, 2011).

Thus, as the brand concept is understood as a name, a symbol, an image, it produces the identity recognition. By identity, the consumer is influenced in the decision to purchase the brand. The brand identity adds a set of associations and images that allows the consumer to recognize it and consider it in their decision process.

The management literature defines brand identity as the set of meanings by which a society allows itself to be known, and through which allows people to describe, remember and relate to it (Melewar et. al., 2005). Companies use the brand identity, to send a visual and verbal message to the market on its strategic positioning and to distinguish it from competition (Melewar et. al., 2005; Aaker, 2004; Berens et. al., 2005; Martínez e Pina, 2005). Also, Faust and Eilertson (1994) suggest that brand identity is much more than a symbol - is the name, is the personality, is the image and a whole host of other attributes that characterize the company and its products.

In this work, the brand identity is operationalized as the brand image in consumers' minds, which allows the company to obtain loyal and willing to pay a price premium for the brand. Like the first hypothesis is that the brand identity and determines loyal customers willing to pay more for brand. The identity and brand image must be well defined, with the aim to identify the consumer to know and choose the product that meets their needs in full. It was developed a large number of studies on the brand image (Birtwistle et. al., 1999; Chowdhury et. al., 1998; Dutton et.al., 1994; Martinez et. at., 2005; Nandan, 2005; Batra and Homer, 2004; Martínez and Chernatony, 2004). Brand image refers to the perception and the belief set of the brand by the consumer.

$H_1$ : the brand identity provides loyal customers ( $\beta_{11} > 0$ );

$H_2$ : the brand identity provides customers willing to pay more for the brand ( $\beta_{21} > 0$ ).

In order to build and maintain brand loyalty, it is imperative that the identity and brand image are congruent in order to translate value for the company as well as for consumers. The links between the brand and the consumer must be established through interactions that relate to consumer needs and motivations, based on the benefits provided by brand (Punniyamorthy and Raj, 2007; Chaudhuri and Holbrook, 2001; Johnson et. al., 2006; Amraoui et. al., 2006; Kabiraj and Shanmugan, 2011).

The price premium is the quality perceived by consumers, willing to pay more for products with perceived quality, and consumers who trust, in comparison with other similar products, of lower value benefits (Bendapudi and Leone, 2002; Beatty and Rittet, 1996; Dodds et al., 1991; Apelbaum, et al., 2003)

The brand awareness is the brand value that reflects the memory of consumers, and it affects their behavior when the decision to buy (Peter and Olson, 2001; Macdonald and Sharp, 2000; Esch et al., 2006; Naik et al., 2008; Peter and Olson, 2001; Keller, 2003). There is another hypothesis of the model, namely brand awareness helps build their identity.

H<sub>3</sub>: brand awareness helps build their identity ( $\gamma_{11} > 0$ ).

Has been investigated many facets of the construction of the store image, including its conceptualization and operationalization (Gardner et al., 2001; Birtwistle et al., 1999; Dodds et al., 1991; Doyle and Fenwick, 1974-75; Osman, 1993; Poter and Clacomb, 1997; Steenkamp and Wedel, 1991; Chawdhury et al., 1998; Collins-Dodd and Lindley, 2003; Hartman and Spiro, 2005; Morschett et al., 2005). The current literature states that store image is anything from the perception of a store in the mind of the consumer, and is a reflection of the attitude of consumers to the store. So we formulate the third hypothesis of the model that says the store image helps build brand identity.

H<sub>4</sub>: the store image helps build brand identity ( $\gamma_{12} > 0$ ).

## 2. Brand Identity and Consumer Behavior

The Caracol Brand produces and sells clothing, textiles and accessories childcare for babies and children. The company represents and distributes exclusively in Portugal, different brands that complement each other in the universe of the child.

In this work it was decided to for a structured questionnaire with Likert scales of five points. It was used a convenience sample because respondents were individuals who entered the shops of "Caracol Brand" during the month of December 2010.

With the data collected in the survey (n = 135), was performed a summary analysis of demographic characteristics of respondents. Thus, respondents who visited the stores "Caracol Brand" are predominantly female, are mostly in the age group between 25 to 35 years old, most have an income over one thousand euros and have a high school. Scales were used to measure consumer perceptions of "Caracol Brand" on items such as brand awareness (BA), brand image (BI), brand loyalty (BL), the willingness to pay a price premium for the brand (PP) and the store image (SI). The scales for each of the items were collected from academic literature, having already been validated.

Here are two phases to select and accessing end items that are used for the relevant constructs. First performed using an exploratory factor analysis of all variables, in order to verify, to the reality in question, it makes sense to keep the scales without any adjustment. The method of extraction of the factors was the "principal components". After an analysis is made of the reliability analysis of items using Cronbach's alpha coefficient. Items were removed from the scales of brand awareness, brand loyalty and store image and the results of the scales improved significantly. Likewise, we proceeded to obtain a new indicator of reliability.

Table Summary of Factor Analysis and Reliability Analysis

	Factors/Itens	Eigenvalues	Variance Explained	Cronbach's alpha	Number Itens
Brand Awareness	1	2,386	79,548%	0,871	3
Brand Identity	1	3,543	70,857%	0,896	5
Brand Loyalty	1	3,750	75,003%	0,916	5
Price Premium	1	2,394	79,811%	0,873	3
Image Store	1	2,971	74,274%	0,883	4

After examining the concepts of measurement scales have been carried out, intended to establish a cause and effect relationship between variables. For this, it was applied the model through a structural equation analysis. Data collection for the model estimation was done through a consumer survey using the scales of brand awareness from Yoo, et. al. (2000), scales of loyalty from Yoo and Donthu (2001), scales of price premium from Chauduri e Halbrook (2001), scales of brand image from Netemeyer, et. al (2004) and scales of store image from Poter and Clacomb (1997).

The confirmatory measure model determines the way how the latent variables are measured. To analyse the goodness of fit, the chosen indicators are the ones suggested by Hair et. al. (2006) as being the better absolute indicators about goodness of fit, Chi-square, RMSEA (*Root Mean Square Error of Approximation*) and GFI (*Goodness-of-Fit*). Chi-square distribution is used to assess the sensibility of the test to sample dimension (n= 272). Chi-square distribution presents acceptable values when this is included between 1 and 3 (Hair, et. al., 2006). It used the RMSEA (*Root Mean Square Error of Approximation*) instead of RMSSR (*Root Mean Square Residual*) because the model basis is estimated on data covariance matrix. This indicator must be situated between and including the values of 0,05 (good adjustment) and 0,08 (acceptable adjustment). GFI (*Goodness-of-Fit*) is an index of the goodness of fit that represents the total degree of adjustment, without one correction relatively to the degrees of freedom of the models. In the model of estimated measure by confirmatory factor analysis, values above 0,9 were obtained leading to the conclusion that it had a good adjustment.

After the stabilisation of the model of measurement and the analysis of the quality of the adjustment, it has verified whether the hypotheses of research were

confirmed or not. In the case of the model proposed, estimation was carried by the method of the maxime likelihood (ML), so that we could meet the objective of developing and testing the theory about the brand identity. The analysis of quality indicators of adjustment show that the model present values for all of them, leading to the conclusion that a good adjustment is verified.

#### Structural Model Estimated

Main Hypotheses	Parameter	Estimated	p-Value	Conclusion
Brand Awareness ® Brand Identity (+)	$\gamma_{11}$	0,108	0,000	Supported
Store Image ® Brand Identity (+)	$\gamma_{12}$	0,968	0,018	Supported
Brand Identity ® Brand Loyalty (+)	$\beta_{11}$	0,892	0,000	Supported
Brand Identity ® Price Premium (+)	$\beta_{21}$	0,788	0,000	Supported
Indicators of Adjustment				
$\chi^2$ Normalised	2,179			
RMSEA	0,056			
GFI	0,923			
AGFI	0,912			

## Conclusions

The brand identity can be created in several ways. Any potential encounter with the brand - marketing initiated or not - is the opportunity to change the mental representations of the same and the type of information that can appear in the memory of consumers. The presence of the brand with a strong reputation and a strong store image influences the creation of brand identity, which in turn determines the process of consumer choice. It was found that store image is quite significant and that helps in building brand identity. On the other hand, the consumer tends to become loyal and not very sensitive to higher prices of the product analyzed. In future work should consider a more appropriate way other relevant components in brand management, such as perceived quality.

In conclusion, the academic research of brand has practical value of connecting with intellectual precision. Capturing and synthesizing the complexity of knowledge and brand identity, and how the concepts change, as well as the influences, the marketing activities, provide tremendous changes and opportunities that can improve the theory of consumer behavior and improve the practice of brand management.

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