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Examining Trademark as a Value in Sales and Consumer Decisions

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Abstract. *This research is trying to examine how consumer decisions can be influenced by local and foreign companies through the value represented by their brands. We are also examining how the brands themselves influence the purchase of the goods. Even though business entities have different opinions about the values represented by brands from various countries, our researches indicate that brands indeed influence selling and purchasing decisions alike. On today's competitive market, companies will find it more and more difficult to convince consumers that their products provide appropriate quality and reliability. When satisfying consumer demand, a company should attempt to meet exactly the expected standards as this would not result in over-satisfied demand and extra costs on the manufacturer's side. By revealing the preferences consumers have towards brands, it will also be possible to map out consumer demand and insecurity concerning foodstuff available on the local food market. Trademarks have special significance in the food industry as the ever increasing offer is becoming harder and harder for the consumers to analyze. Buying food also has certain risks, which means some kind of sign is required which calls attention to the difference and extra inherent value of the product compared to its competitors. The values and information inherent in a brand name assist in consumer decisions and may reduce insecurities during the purchase. Consumer preferences about the available trademarked products of a company, or even those of its competitors, all provide vital information to the company management. The internal value attributed to a brand by its consumers defines the product's current market position and development paths. The authors are going to reveal how the value represented by a brand can influence consumer decisions as well as suggest ways of utilizing the results of the examination.*

Keywords: trademark, value, food purchase habits, consumer preferences, quality, Value Analysis

Introduction

The free flow of goods resulted in an ever-increasing scope of products for the consumers to buy. With offer expanded, the consumers are facing more and more risks during their purchases, and as product variety grows, their decision-making is becoming all the more difficult. There are several influencing factors in the decision-making habits of consumers – cultural, social, personal and psychological ones alike (Szigeti & Szakály, 2011). Consumers have the option to reduce risks during their purchases by buying trademarked goods, and this decision may have a positive influence on their choices. Trademarks make product more easily identifiable, more distinguished – which is vitally important in the case of a wide range of similar products – they create positive association and reliability in the buyer and they can give consumers an overall orientation.

Manufacturing companies are not much better off in today's saturated market, which means trademarks not only orientate consumer decisions, but only assist the manufacturer in the market competition. They can provide various advantages, they can express the value of the product, thus creating jobs and offering tangible advantages to the trading sector.

In our research, we asked 1001 people online to find out how much consumers know about certain trademarks available in Hungary and how much this knowledge influence their purchasing habits. We used the results of the questionnaire to reveal what kind of functions and consumer demands trademarks, as entities carrying value and being protected by the law, represent. By presenting the functions of a trademark in a FAST (Function Analysis System Technique)-diagram, they can be ranked, which makes it possible to use later phases of the research and consider consumer preferences to analyze what consumer demands individual functions satisfy and to what degree. These analyses may also assist companies by providing them with relevant information regarding their own market decisions.

Trademark

Trademarks are signs or designations which serve to differentiate between goods or services and can only be used exclusively by their respective owners (Lontai, Faludi, Gyertyánfy & Vékás, 2012). A trademark is the strongest form of company and product designation, a sign which is capable of distinguishing the trademarked goods/services from other, similar, goods and services, and its use is reserved exclusively for the owner of the trademark protection. Trademarks and geographical product designation protections are regulated by the XI. Act of 1997.

Trademarks can be acknowledged on a national, international or communal level. Using trademarks not only assist the manufacturer in the market competition, but also orientates consumer decisions, creates jobs and offers tangible advantages to the trading sector. The most successful

certificate mark is considered to be the Excellent Hungarian Produce (Kiváló Magyar Élelmiszer) trademark. (Picture1). Besides the already mentioned consumer and corporate advantages, it also helped to differentiate Hungarian food products on the market, strengthened the national image – as it supports the products of Hungarian manufacturers and farmers – ensured customers of the quality of the product and built an overall positive picture of local produces (Totth, 2012).

Picture 1. Excellent Hungarian Produce Trademark



Source: <http://elelmiszerlanc.kormany.hu/altalanos-informaciok-a-kme-programrol>

Picture 2. Hungarian Poultry Trademark



Source: http://www.mbt.hu/magyar_baromfi_vedjegy

Results Serving as Research Basis

The authors collected information from an online research conducted among 1001 people and used the results as a basis for further research. The interviewed people were adults over 18 and were nationally representative by gender, region and population.

The online questionnaire was compiled based on trademark factors. The grand-sample research examined the role of trademarks in purchases, areas of validity and reliability, the relationship between consumer patriotism and trademark preference, as well as similarities and differences between brands and trademark preferences. The computer-assisted research also examined online consumer habits, self-control in purchase as well as its indication of consumer consciousness level and

ethnocentrism. The results of the research proved invaluable in defining and analyzing trademark functions and their value.

It was revealed that the most well-known trademark among the interviewed was the Hungarian Product with 88% familiarity. 71% of the interviewed also purchased these branded products. The next trademark was Homeland Product (Haza Termék), falling behind the first one by 20%. Half of the interviewed also mentioned the Forum of Excellent Products (Kiváló Áruk Fóruma, 53%), Heart's Friend (Szívbarát, 53%), Hungarian Poultry (Magyar Baromfi, 53%) (Picture 2) and Excellent Hungarian Produce (50%). The Heart's Friend trademark is interesting as 14% claimed they knew these branded products, even though they did not purchase them. The least known trademark was Prémium Hungarikum: 83% of all questioned had never even heard about it. To the credit of Hungarian consumers, only 3% of them claimed they did not know any trademark at all (Picture 3).

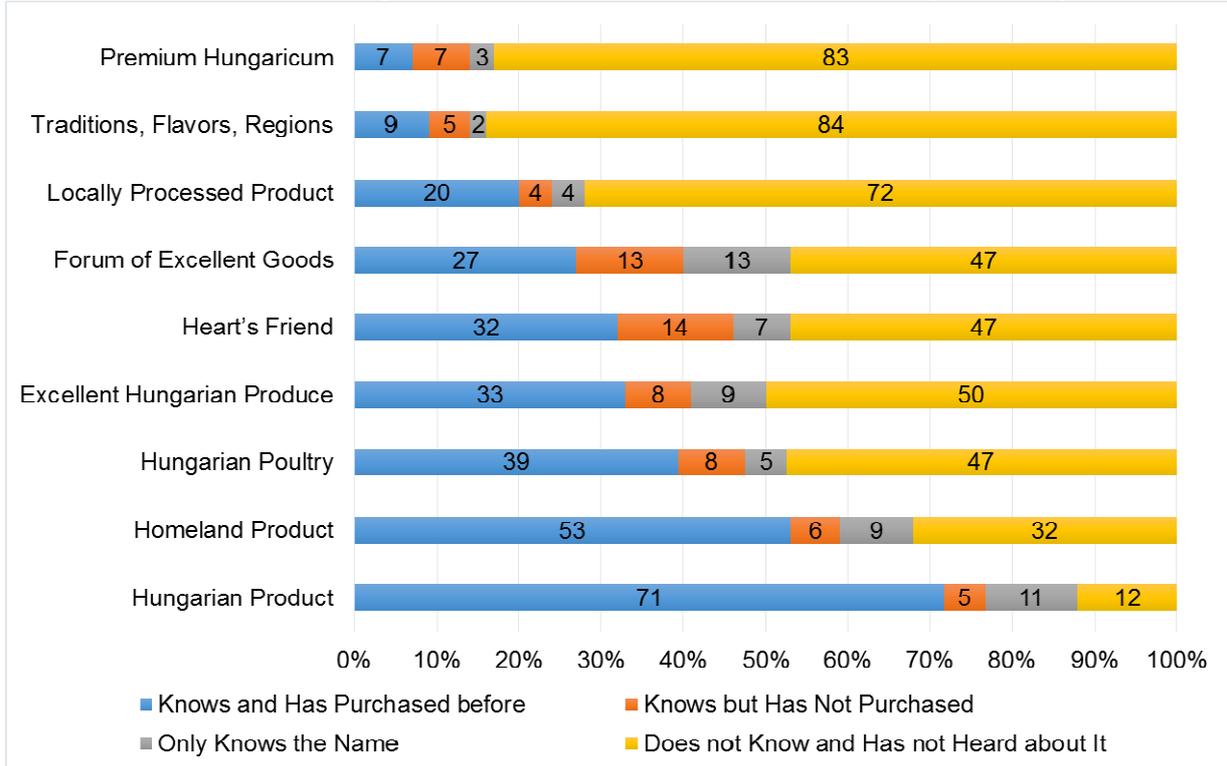
The research also examined how much the interviewed considered trademarks during their purchases (Picture 4).

It can be said that Hungarian consumers are still very price-sensitive, and the most important factor during their purchases is how economical they could be. Based on the results, price and previous experience are what Hungarian customers consider while shopping for food: the majority of the respondents (84%) always considered favorable prices, while 74% and 68% were looking for previous experiences and discounts respectively.

It was also a sign of price-sensitivity that 49% of the respondents considered package size to be an important factor during their purchases. The number of those who never paid attention to package size was tellingly small, only 5%. The rest claimed they occasionally considered package size, which probably depended on the type of the product.

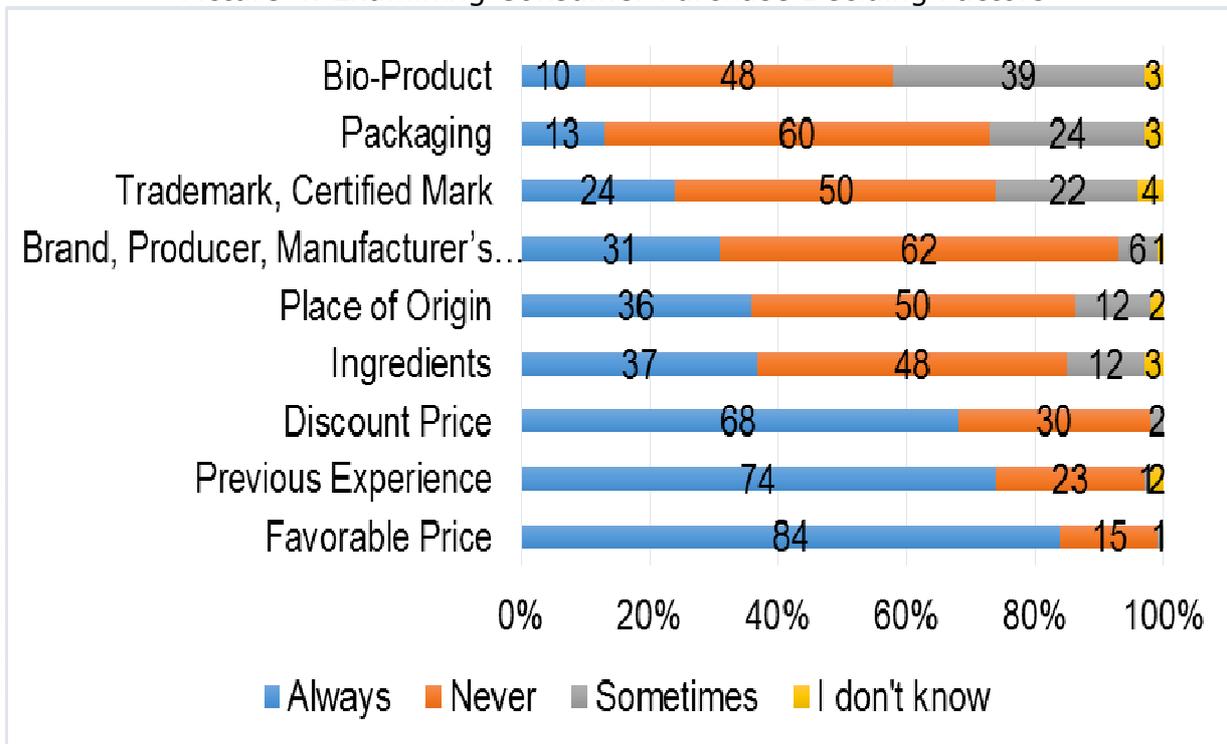
Ingredients and places of origin were only occasionally considered as only slightly more than a third of the respondents claimed they always considered these factors. The brand and the name of the manufacturer or producer had secondary importance; at the same time, only a small number of the respondent ignored it completely, which also means the regard for a trademark depends on the type of the product.

Picture 3. Recognition and Purchase of Trademarks (N=1001)



Source: own calculations

Picture 4. Examining Consumer Purchase Deciding Factors



Source: own calculations (N=1001)

The role of certification marks was even less defining: only 24% of the respondents considered them all the time, while 50% sometimes paid attention to them. This proves that consumers considered brands more

important than certification marks, which is related to the familiarity and validity of the latter as well as the confidence people have towards them.

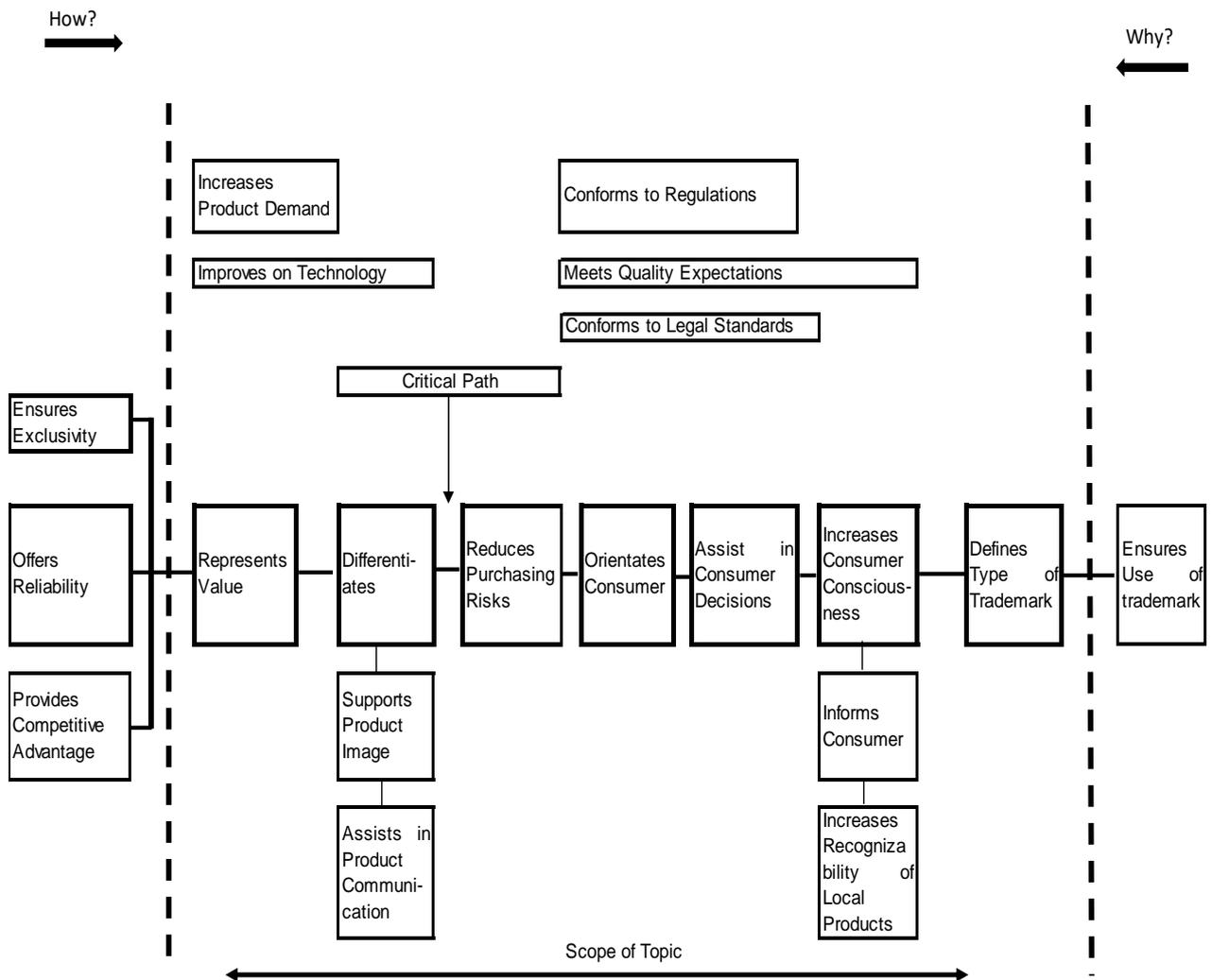
Demands and Functions Regarding Trademarks

Based on the results of the grand-scale research and the analysis of the diagrams in this essay, it can be said that Hungarian consumers show little familiarity with trademarks, and they are not greatly influenced by them during their purchases, even though trademarks represent values, reliability and quality, which are key factors in reducing the risks in consumer purchases. Trademarked products also provide their representatives with a competitive advantage by exerting a long-term positive influence on the purchasing habits of the consumers.

The authors believe that Value Analysis may assist in defining trademarks as values under legal protection – within the process of consumer demand satisfaction. Their functions may result in further useable information for the corporate sphere regarding their trademark use and communication. Picture 5 contains the FAST diagram created by functions. *Trademark Functions:*

- Represents Value
- Offers Reliability
- Reduces Purchasing Risks
- Assist in Consumer Decisions
- Orientates Consumer
- Provides Competitive Advantage
- Conforms to Regulations
- Meets Quality Expectations
- Increases Consumer Consciousness
- Increases Recognizability of Local Products
- Increases Demand towards Hungarian Products
- Differentiates
- Facilitates Product Communication

Picture 5. Trademark FAST diagram



Source: own research

Summary

In this research, the authors used their knowledge of consumer decision influencing effect mechanisms to find out about the functions of trademarks and how valuable they proved to be based on consumer purchase decisions; additionally, they were also examining long-term uses of the collected data. There are several ways to reduce risks during a purchase. The information inherent in a trademark may facilitate purchase and reduce purchase risks. The local trademark "offer" increased considerably in the past decade, which prompted the authors to examine the topic more thoroughly; the research promised several new innovative methods in this particular economic area. It can be said that Hungarians know very little about certification marks: the most well-known was the Hungarian Product Trademark, with similar trademarks being known in less than 10% of the cases. Regarding full familiarity, trademarks are

known to a greater extent, but there are only six trademarks altogether with a familiarity figure of 50% or more. The proportion of trademarked food purchases is also low: only Hungarian Products and Local Products are mentioned as bought in more than 50% of the cases. As for validity, there was no significant difference among various trademarks, although the figures themselves were not particularly high, which is connected to the low familiarity with the trademarking organizations themselves. Based on the above data, the authors decided to examine the topic in more details. The research focused on the potential value of a trademark, as well as on the value it had to offer to the customer through its functions. They used Value Analysis and consumer demands/needs to break down the trademark into its functions and presented them in a FAST-diagram. This diagram enabled them to present and analyze the individual functions, which created the value for a trademark (trademarked goods). The results serve as guidelines in the later phases of the research.

In the later phases of the research, the authors are trying to find out about the methods which may enable them to use the revealed functions and decide which one of them could strengthen familiarity and acknowledgement of a trademark. The final goal is to increase the trademark's effect on consumer decisions and, eventually, to enable companies to use their trademarks to increase competitiveness.

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