

THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN STATE UNIVERSITY of ECONOMICS

INTERNATIONAL GRADUATE AND DOCTORATE CENTER

MASTER DISSERTATION

ON THE TOPIC

**“Brand Equity and its on consumers purchasing behaviour in milk and
milk products industry in Azerbaijan”**

Jafarov Joshghun Mushfig

BAKU – 2019

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Code and name of Programme: 060409 Business Administration

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BAKU – 2019

BREND KAPİTALI (BRAND EQUITY) VƏ ONUN AZƏRBAYCANIN SÜD VƏ SÜD MƏHSULLARI SƏNAYESİNDƏ İSTEHLAKÇILARIN SATINALMA DAVRANIŞLARINA TƏSİRİ

XÜLASƏ

Tədqiqatın aktualığı. Qloballaşan dövrdə, müəssisələr bazar payını və satışlarını artırmaq, yerli və xarici bazarda rəqib şirkətlərlə mübarizə aparmaq üçün bir çox vasitələrdən istifadə edirlər. Şirkətlər bu məqsədlərə nail olmaq üçün müştərilərin satınalma davranışlarını öyrənməkdə maraqlıdırlar. Satınalma prosesində müştərilərin qərarlarına bir çox ünsürlər təsir edir ki, bunlardan biri də brend kapitalıdır. Brend kapitalının hər bir ünsürünün indiki rəqabət qabiliyyətli bazarda müstəsna rolu vardır.

Tədqiqatın məqsəd və vəzifələri. Bu tədqiqatın məqsədi Azərbaycanın süd sənayesində, brend kapitalının istehlakçıların satınalma davranışlarına təsirini öyrənməkdir.

İstifadə olunmuş tədqiqat metodları. Tədqiqatda iqtisadi-statistik təhlil, onlayn sorğu, müqayisəli qiymətləndirmə və digər metodlardan istifadə olunmuşdur. Onlayn sorğu 100 nəfər arasında brend kapitalı, bir neçə şəxsi sualların verilməsi ilə aparılmışdır.

Tədqiqatın informasiya bazası. Tədqiqatın informasiya bazası Azərbaycanın hüquqi sənədləri, beynəlxalq jurnallarda çap edilmiş məqalələr, son illər ərzində Statistika Komitəsinin məlumatları, beynəlxalq təşkilatların statistik məlumatları, yerli və xarici alimlərin nəşrləri və digər məlumat mənbələrindən təşkil olunmuşdur.

Tədqiqatın məhdudiyyətləri. Tədqiqatın məhdudiyyətləri sırasında əsasən Azərbaycanın süd sənayesi müəssisələrinin statistik məlumatlarının konfidensiallığı və iqtisadi göstəricilərin məhdud olması göstərilə bilər. Statistik məlumatların uyğunsuzluğu

Tədqiqatın nəticələri. Aparılmış araşdırma nəticəsində brend kapitalı ünsürlərinin hər birinin ayrı-ayrılıqda brend kapitalına təsirinin olduğu müəyyənləşdirilmişdir. Bu nəticələr sorğu əsasında müəyyənləşdirilmişdir.

Nəticələrin elmi-praktiki əhəmiyyəti. Nəticələr Azərbaycan Respublikasında fəaliyyət göstərən süd istehsalı müəssisələrində marketing strategiyaları hazırlanarkən, hədəf kütlə müəyyənləşdirilərkən istifadə oluna bilər. Bundan əlavə digər sektorların marketing strategiyaları hazırlanarkən də araşdırmanın elmi-praktiki nəticələri tətbiq edilə bilər.

Açar sözlər: Brend Kapitalı, Süd, Satınalma, Azərbaycan

ABBREVIATIONS

BAV	Brand Asset Valuation
CBBE	Consumer based Brand Equity
FAO	Food and Agriculture Organization
FBBE	Financial-based brand equity
US	United States
USA	United States of America

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INTRODUCTION

The relevance of the research topic. In today business world, companies try to survive in the market and expand activities to the global market. In order to achieve these goals, organizations try to learn the connection between brand and brand equity and consumers. The effect of brand equity and its components is studied by companies for to understand this connection. According to these factors, new approaches are required to offer for control of customers' decisions.

Level of studying the issue. The brand equity effect on consumers' buying behavior are investigated by many scientists such as Aaker, Kotler, Keller, Becker and others. However, there are less research about brand equity effect in case of some dairy products. Strong competition between milk and milk products in Azerbaijan create a need to investigate brand equity effect on dairy sector, because it helps to companies to influence costumers purchasing decisions through brand awareness, brand loyalty, brand association and perceived quality

Purpose and tasks of the research. The aim of this research is to analysis and give recommendations about the effect of brand equity on the consumer's purchasing decisions in the Azerbaijan milk and milk products industry. The goal of the paper is to stress the fact that the brand equity has an impact on customer decision-making process. In order to accomplish goals which are mentioned above, the tasks are organized:

- investigate and analysis of existing approaches to this topic
- giving recommendations to Azerbaijan milk and milk sector participants

Object and subject of research. The object of research is a dairy products entities and them consumers in the market. The subject of research is relations between brand equity and consumers, which influence individuals purchasing decisions.

Research methods. The quantitative method was used for this research, online survey was organized and responded by participants. Economic-statistical analyzes expert assessments and other methods was used.

Research database. Legal documents of Azerbaijan, articles, statistical data of the Statistics Committee, foreign research related with topic are the database for research.

Research limitations. Statistical information of dairy products entities are limited

Scientific and practical significance of the results. The result of this thesis will contribute to milk and milk products organizations in Azerbaijan through to understand the effect of brand equity on consumers buying behavior. The expected contribution of the research to the companies is that, in conclusion, the enterprise has a powerful set of data that will support guide its operations and attain success in the local and international market.

Structure and volume of dissertation work. This research consists of an introduction, three chapters, conclusion, 2 tables, 7 pictures and 14 figures. In work - 70 pages of text. During the work on the thesis 38 sources were used.

CHAPTER I. THEORETICAL BASIS OF BRAND EQUITY

1.1. The essence and content of brand and brand equity

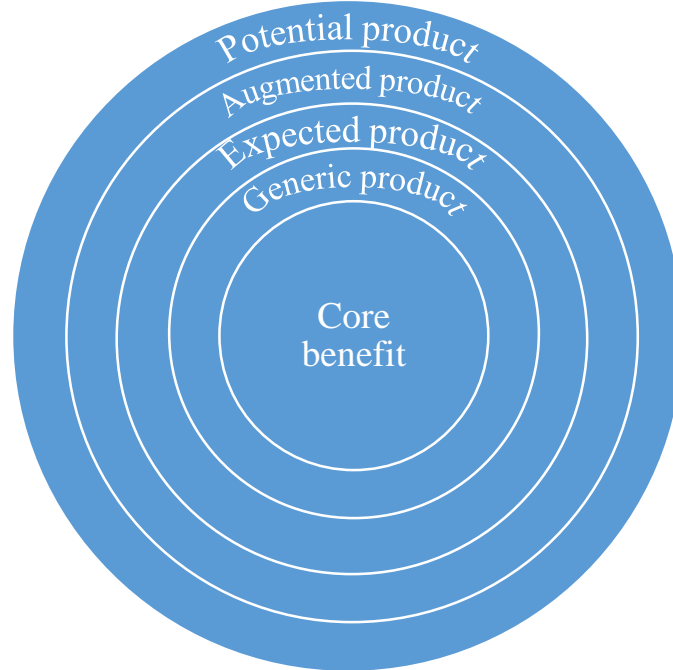
In this present age, companies try to compete with rivals to surviving in the market and achieve short and long term objectives. Organizations use various ways for gaining victory in this competition and holding a big market share. One of the main ways for reaching these goals is that entities try to use branding activities. Brand is an important tool for companies in today business world. Thus, they try to learn brand and brand equity effect on purchasing behavior of consumers. Because, people buying perception can be changed by brand equity elements. Kotler and Andreasen, (1991) identified brand as “a name, emblem, or mark that is given to an output because it enable them to build up their own identity, simplify recognition by clients”. According to Kapferer (2004), brand is a combination of emotions which impact clients’ behaviors towards an items or service. Aaker (1991) and Keller (1998) said that brand is defined by an attractive name or emblem that can distinguish the goods and services from the competitors.

Brand is a something that suggest to a consumer and things which distinguish products from competitors in a brand product category (Kavas, 2004: 19).

Beyond being a physical asset, brand is the thoughts of customers when they see the symbol of the brand or feelings when they hear the name of the brand (Batra et al., 1996: 319).

Keller, expresses that further conflicting brands from products is essential. Keller characterizes a product to be something which can be proposed to a market for attention, acquisition, utilize of consumption which fulfills a need or want. As a result of this logic, a product can be a tangible and intangible item, a service, an individual, entity, place or thought. He differentiates five levels for items being characterized as:

Figure 1. Five Product Levels



Source: Keller (1996)

The core benefit level: The main need or want that customers satisfy by utilizing the item or service.

The generic product level: An essential version of the item maintain only those features or qualities vital for its working.

The expected product level: A set of attributes or characteristics that customers expect and agree to when they purchase a product or service.

The augmented product level: Extra characteristics, benefits or features that differ the product from its rivals.

The potential product level: Whole of the enlargements and changes a product could ultimately incur.

Keller completes his discussion expressing that "As a result, a brand is a product, however one that attaches features that distinguish it from other items intended to fulfill a same need".

Benefits of Brands- Brands perform different functions for sellers and buyers. These behaviors can be summarized briefly as approach or avoidance behaviors (Capon, Berthon, Hulbert, Pitt, 2001, p.217). Usually, the functions of brands for sellers are planned results and cause behaviors of customers by

approaching them. Although the functions provided by the purchasers include the approach behaviors, the brands also cover the unplanned consequences of aggressive behavior, namely avoidance behaviors.

The benefits of the brand, are examined in three groups. These groups are businesses, consumers and society.

Benefits of Brand for Consumers- Heavy competition conditions, changing consumer characteristics make manufacturers to create and possess a strong brand. Creating a strong brand loyalty in consumers and protecting existing customers is therefore the main problem of businesses and marketing communication (Uztuğ, 2003, p.20).

Trust to the branded products help consumers shorten the time they spend on shopping as a result of giving them confidence and thus getting a familiar product in their purchases. Consumers do not deal with continuous re-evaluation if products are presented as branded products, because they have information about this type products (Çabuk and Yağcı, 2003, p.132).

It is seen that consumers use branded products in order to reinforce their personality traits, to be accepted in society or to obtain a feature that they do not possess. For consumers, the branded product is also a way of having the identity which they want to achieve or to reinforce. A successful brand incorporates concepts that are highly valued in society such as status and prestige. Consumers who want to have such values prefer this type of brands. In other words, the brand gives a respectable identity to consumers.

The brand has a guiding function in terms of both the information processing and the customer's trust to the product. For this reason, the brand name or visual identity of the product has the vital role in description of the product (Uztuğ, 2003).

Benefits of the Brand for Businesses- How long the product continues to exist in the market, the enterprise has the chance to place in the memory of the consumer and strengthen its position. A strong brand not only provides a platform

for the new products of the company, but also increases brand strength and endurance against competitive attacks (Farquhar, 1989).

The benefits of creating a brand in terms of businesses are listed as follows (Tek, 1999; Çabuk and Yağcı, 2003; Kim, 2005):

- To make price increases by taking advantage of brand power
- Higher profit margin
- Keeping consumers away from other brands
- Reflection of the positive image of the brand on other products
- Addressing the consumer by differentiating the product or service from its competitors
- To strengthen the financial position of the company by possessing a reputable and recognized brand
 - Increasing loyalty for customers
 - Ease of processing and subsequent tracking of orders
 - Protection against imitation, copy and other unfair competition and entry of new competitors into the market
- To facilitate the recovery of the crisis during any crisis.

The biggest benefit of the brand is to differentiate the products or services from the various products or services that they see every day.

In order to develop a strategy that is different from the competitors, the primary goal of the enterprises is that they need to have a customer-centric production and marketing culture (Ünüsan, Pirtini, Bilge, 2004). The fundamental goal for businesses is to ensure that consumers buy their brand, not their products by creating a certain brand awareness in consumers.

In summary, successful branding for sellers enables re-purchases of products and sales of similar branded products. If the brand can produce the approach behavior of the brand, it also facilitates the promotion of new products in the same or different product groups (Capon et al., 2001, p.218).

Benefits of the Brand for Society- The companies that realize that the way to create successful brands are fulfilling the consumer needs in the best way, strive to improve their marketing strategies day by day. The marketing activities of the companies, which are developing day by day, compel all enterprises that do not want to be left behind from their competitors in their intense competition environment, to develop their activities and to create continuous innovations.

All the enterprises in the market cause the increase of welfare of the society with the increasing quality of the products. This improvement in marketing activities leads to the development of the society as well as the struggle against stronger competitors in foreign markets.

Creating strong brands is one of the most important factors to increase the awareness of the country in foreign markets and development of the country and the society. The last growing segment of this progress, which development started from consumers, is manifested by the development of society.

As a result of creating the strong brands by enterprises, not only the companies, but also the consumers who use the brand and the society take benefit from this value triangle.

Brand Equity- Idea of brand equity has been broadly investigated since the 1980s. Brand equity notion was explored due to identify the connection between clients and brands. Plenty of views and approaches to brand equity term were suggested from the past to nowadays.

According to Aaker (1991) and Yasin (2007) brand equity is a combination of the assets and liabilities related with a name and mark of the brand that can add useful or harmful impacts on the values implemented by the items or services. Yoo et al., (2000) states that the variance in clients option between a branded and unbranded item that belonged to the same characteristics.

Given all the definitions of brand equity, it is said that there are five factors that are important in defining brand equity (Lassar, Mittal, Sharma, 1995, p.12):

- Brand equity depends on consumer perception rather than objective values

- Brand equity depends on a general value of the brand
- This general value not only relating to the brand physical properties but also the brand name
- The brand equity is connected to competition with relative, but not completely.
- Brand equity affects financial performance positively.

Baalbaki (2012) suggested three various standpoint for brand equity perspectives:

Picture 1. Brand Equity Perspectives



Source: Baalbaki (2012)

Financial perspective (Financial- based brand equity) - Brand equity during the 1980s, as observed from the financial point of view, was seen as a way that gave directors in comprehension brand enhancement. According to Myers (2003) the methods concentrated on stock prices or brand replacement in this viewpoint. Someone who follow the financial point of view (FBBE) characterize brand equity as the "overall value of a brand which is a divisible asset – when it is sold or added into a balance sheet" (Atilgan et al., 2005). Wood (2000) explained that from a financial viewpoint it is available to give a financial worth to the brand that can be valuable for directors in the terms of merger or acquisition. Wood (2000) trusts that marketing point of view of brand equity can assist marketers to comprehend the brand in the sense of clients and to organize successful marketing plans to set up the brand.

Customer perspective (Customer-based brand equity)- According to Cobb-Walgren et al., (1995) CBBE perspective is the most chosen method in marketing

related investigation by academics, as if brand has no significance and benefit for clients it is consequently unimportant to producers or investors. Keller (1993) utilized the expression CBBE perspective to refer to brand equity and mentioned that CBBE happens when the client know about the brand and holds some suitable and special brand associations in customers' mind. Keller (2003) mentioned that positive CBBE owned plenty of benefits like permanent revenues, the capacity of entities to order expensive prices. According to Christodoulides et al, (2015) if we would like to suggest something to managers related with managing of brand equity, we have to make preferable comprehension of the content of brand equity in different cultural conditions and product classifications.

Employee perspective (Employee-based brand equity)- King and Grace (2009) stated that employee-based brand equity (EBBE) model is established on the various influence that brand awareness has on an employee's answer to their work conditions and cultures. According to investigation of King and Grace (2009), Youngbum Kwon (2013) studied a three dimension pattern.

- Brand knowledge
- Role Clarity
- Brand commitment

HRM can follow the brand equity approach to bolster the psychological contract with employees and decrease their desire to giving up the position. According to Chernatony (1999) employees have a vital role for organization brand success.

Building successful brand equity- Companies can follow steps which shown in below if they would like to set up successful brand. This resonance pyramid developed by Keller (2009:143) that shows steps of building powerful brand. Stages of brand development are identity, meaning, response, relationships. There are special branding objectives at each stages. All of them are explained in below.

Picture 2. Brand resonance pyramid



Source: Keller (2013:109).

Step 1. Identity: Build awareness. Start at the basis with brand recognition. Set up essential awareness of your brand. Be sure that clients know your brand and observe it in the way you mean.

Step 2. Meaning: Be in touch what company's brand means. Be aware what your brand means (execution) and what it stands for (imagery). Execution shows how well your item addresses client issues. Imagery consist of the social and psychological feature. For instance, an organization that is truly dedicated to being environmentally responsible will set up loyalty from clients and allure employees who define with and help these values. Company can create more prominent brand significance through targeted marketing, informal exchange and affirmative direct client experience.

Step 3. Response: Reform how clients consider and feel about your brand. Clients react to your brand through judgments and emotions. Judgments connected with things like quality or how applicable your item is to client needs, and whether your image is better than those of your rivals. Positive emotions could relate to respect, fun, energy, security and so on.

Step 4. Relationships: Set up a deeper link with clients. The strongest—and hard to gain—level in the brand equity pyramid is fullness. This includes to setting up deeper clients relationships. Accomplishing this implies that your clients have shaped a deep psychological connection with your brand. They buy again and customers feel a connection to your item. They may feel a feeling of network with different customers and company representatives. Then customers can be effectively engaged as brand ambassadors by participating in events or following social media accounts of brand in Instagram or Facebook. That brand equity link can be immensely important.

Other models are shown below which used to understand brand equity more detailed.

- Brand Asset Valuation (BAV) model
- Consumer-Based Brand Equity model (CBBE)
- Five Asset Brand Equity model

Brand Asset Valuator (BAV) - This model is based on the argument that clients' observations with respect to all inclusive brand attributes can be utilized to identify brand value. Brand Asset Valuation (BAV) model outlines the advancing connection between a brand and clients. This connection is based on four columns, specially; differentiation, relevance, esteem and knowledge. Every column is established and measured based on various features of client approaches about the brand.

Differentiation shows the difference of a brand from rival products. This type of brand should be the only one of its kind that it cannot be baffled with rivals' products.

Relevance is the perceived value and the ability of a brand's appropriateness to the user, while esteem is brand likeability and how much it is respected. Esteem identified as a brand agreeability.

Knowledge involves how much is recognized to a product which identify the awareness degree of a brand among clients.

According to Balbaki (2012), these four pillars establish “pillar pattern” that can be utilized as a vital analytical instrument to identify the “brand’s health” during development stage of a product, its ability to request an extra price and avoid rivals. Keller (2002) stated that differentiation and relevance are two aspects that set up brand power, while esteem and knowledge aspects compose to brand capacity. Development of a brand relies upon its capability for current enlargement and vitality for long term perspectives of a brand.

Consumer Based Brand Equity (CBBE) Model- Keller (1993), who uses the concept of consumer-based brand equity CBBE (Consumer-based brand equity), concentrates on what the consumer learns, hears, sees, and feels about the brand. In the literature, it is seen that the conceptual infrastructure that constitutes a model for the research is based on the studies of brand equity of Aaker (1991) and Keller (1993). Farquhar (1989) defined consumer-based brand equity as the value added to the brand in terms of the consumer's wishes and needs. Vazquez et al. (2002), identified consumer-based brand equity as a functional benefit associating with the brand name and defined as a symbolic benefit associating with the brand and the product.

Five Asset Model of Brand Equity- Brand equity consists of five different elements which are awareness, association, perceived quality, loyalty and assets such as patents and trademarks (Aaker, 1992). Each of them are explained in the following chapters.

Consumer Expectations from Brands- Consumers have various expectations from a particular brand. If these expectations are met, they will become a regular buyer of the brand. In a research conducted, it was found that consumers were looking for a brand in the following features (Davis, 2000, p.6):

High Quality and Reliability: Among the expectations of consumers from a brand, the quality of the brand and the reliability of the brand are the first. Consumers only purchase the brands that they consider have high quality and trust.

Consistent Performance: Another very important criterion is the consistency of the brand. It does not matter unless the expectations and satisfaction does not

continue that are satisfied in the first time. Consumers expect the same satisfaction in every purchase and want to know that their needs can be met every time.

Familiarity to Brand: It is in a very important position that create trust factor. Consumers tend to be confident with the brands that they know and are familiar with.

Availability: The brand needs to be in the position that consumers can reach at any time as they meet consumer expectations. It is known that consumers, who cannot easily find a brand they are looking for, they take another brand instead of the previous brand.

Price-Value Relationship: There must be a conformity between the price that consumers pay and the perceived value. Generally, the prices of high quality brands are expected to be high in parallel.

Compliance with Consumer Personality: Consumers will continue to buy the brand if they find some special features in the brand that reflect their characteristics. Most of the time, the purchased brand is a combination of the desired messages to be given to the community.

Solving the Consumer's Problem: It is one of the most important elements of the brand that means to meet the expectations of consumers and to realize their aim of purchases.

Customer Service: The effective operation of customer services and the immediate and appropriate intervention to the consumer complaints in terms of the problems that may arise after the purchase of the brand is extremely important for the continuation of the brand's success.

Advertisement: One of the basic requirements for the creation of consumer loyalty is to inform consumers about the existence of the brand. In order to achieve the goal, advertisements should be different, remarkable and must be created in a way that will appeal to consumers among many advertisements.

Consumers are based on some tips to make their decisions easier. And the most important of these tips is the brand name. Consumers decide whether to trust

a firm or not with the brand name. Trust to the company greatly reduces time, effort and risk research costs.

1.2. Content of brand equity components

Farquhar (1989) explained brand equity as added value provided by the brand to the product. The first notion of brand equity are examined by Aaker and McLaughlin. Aaker examined brand equity model that include brand loyalty, brand awareness, perceived quality and brand association.

Figure 2. Brand equity components



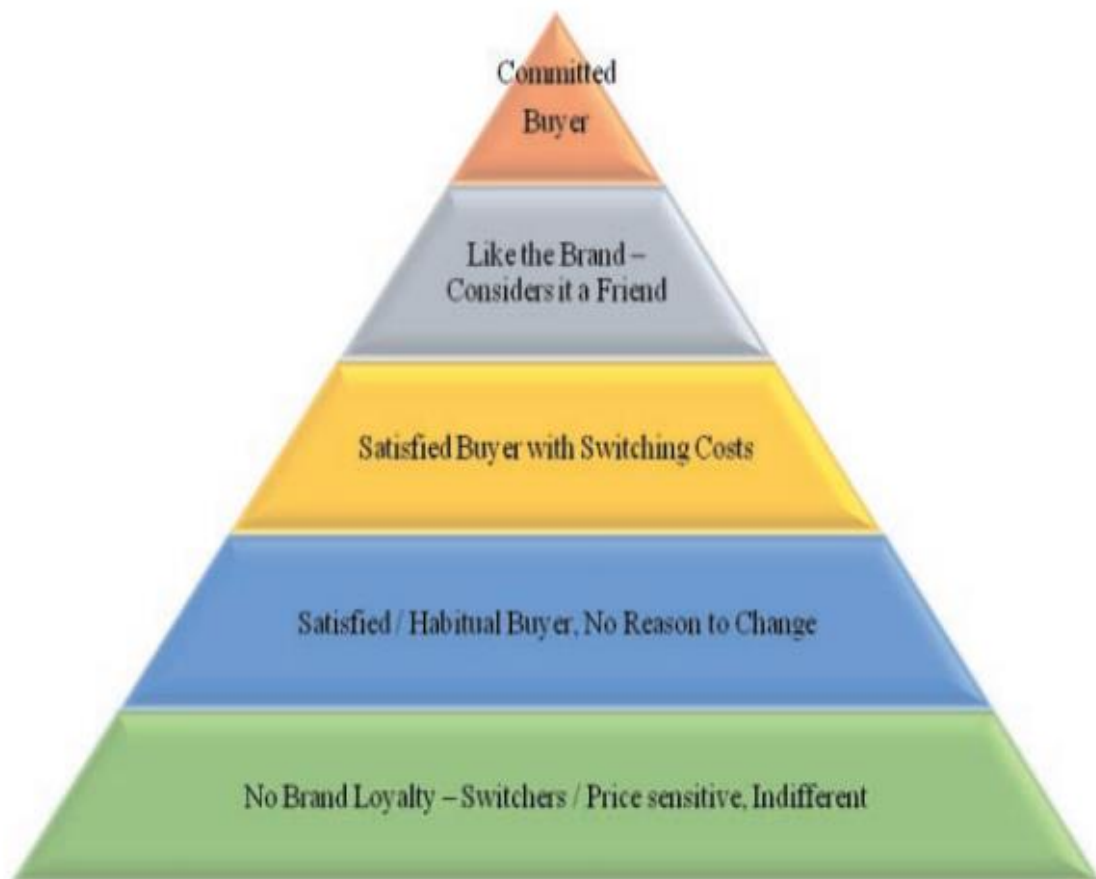
Source: (Aaker,1992)

Brand Loyalty- Brand loyalty is one of the main dimension of brand equity which compose allegiance between client and the producer. Brand loyalty is defined as the consumer's positive attitude towards a brand and its need to purchase a certain brand regularly in the future (Pappu et al, 2005). Customers are willing to purchase products of certain brand with effect of brand loyalty regardless of prices, quality or other better characteristics of rival brands. (Aaker, 1991).

Brand loyalty is viewed as worthwhile asset under various conditions. First, it can support decrease the costs which is related marketing such as advertising expenses (Aaker, 1991). Loyal clients give to a higher probability of repurchases and to remain clients is less costly than to get new customers. The next one, loyalty provides trade leverage. Brand simply, earns shelf space, trade cooperation and etc., if brand has loyal clients. Third, loyal clients could impact to other customers to buy the products.

Brand loyalty works at various steps. At the start, five dimensions of brand loyalty can be differed.

Picture 3. Five dimensions of brand loyalty



Source: Aaker David. A (1991), "Managing Brand Equity", the Free Press, New York. p. 40.

1. Switchers- Customers do not add any significance to the brand. The main thought in purchasing might be existence and price. Normally, switchers are careless to brands.

2. Habitual buyers- Customer of this group contain the ones pleased with the brand. If incentive come from rivals, they may change to ambitious offerings. These customers are willing to benefits suggested by rivals.

3. Switching cost loyal- Customers are pleased with the products, however they will have changing expenses in terms of time, money and hazard. Clients will change just if is able to overcome changing cost for them.

4. Buyers liking the brand- Customers have emotional connection to the brand. This connection is afterwards amplified by the utilization of the item or service over a long period of time. Purchasers in this class are very familiar with the brand.

5. Committed to a brand- The wish to proceed the relationship and working for its existence is obligation. Customers see the brand to be a piece of themselves.

Brand loyalty is important for manufacturers. Because the creation of brand loyalty in consumers helps producers gain and maintain competitive advantage over their competitors (Pride and Ferrell, 1997: 252).

A brand that strategically developed brand loyalty in its product category affects the entry of new products into the market. In addition, brand loyalty allows businesses to respond to competitive movements in a timely manner. If a competing enterprise develops a superior product, loyalty gives the time to the business that needs to develop the appropriate product against the product produced by the competitor. In addition, loyal and satisfied customers will not be looking for new brands because they are satisfied with the brand that they use, and even if they are exposed to new products, they will not give up their product (Aaker, 1991: 47).

The loyal consumer is open to perceiving all kinds of messages about the brand, to learn all kinds of information that are related to brand and he or she does not want to get information about other brands and he or she is not affected by persuasive efforts of other brands (Odabaşı, 1995: 135). The benefits of brand loyalty to enterprises can be listed as follows (Aaker, 1991: 46-49):

Brand loyalty reduces marketing costs. Keeping a loyal customer is less costly than earning a new customer, because potential consumers have a lack of

motivation to change the existing brands which they buy, and communicating with them is more costly because they don't endeavor to evaluate brand alternatives. Loyal customers continue to be loyal to the brand if they are satisfied and the problems which are related to the product or its service are resolved.

Brand loyalty provides a competitive advantage to the business. It constitutes an important entry barrier for new entrants to the market. An enterprise that wants to enter the market where has high brand loyalty must spend a lot of resources to eliminate the brand loyalty that has been created in the market. Therefore, businesses are not willing to enter such a market.

Brand loyalty provides the business with commercial width. Strong brand loyalty allows businesses to have more shelf spaces in sales points. Agents or sellers know that brands with high brand loyalty have an important place in consumers' shopping list, so they have more space for these brands at their sales points. Commercial width is an important element in different size and variety of products and brand extension.

Brand loyalty encourages new consumers. Having a loyal group of consumers is an important factor in attracting potential consumers, especially in high-risk purchases. Because the loyal consumer is a highly satisfied consumer and a highly satisfied consumer support to spread the image of the brand as “successful” or “good service”. Such a situation is effective in attracting potential consumers to the organization.

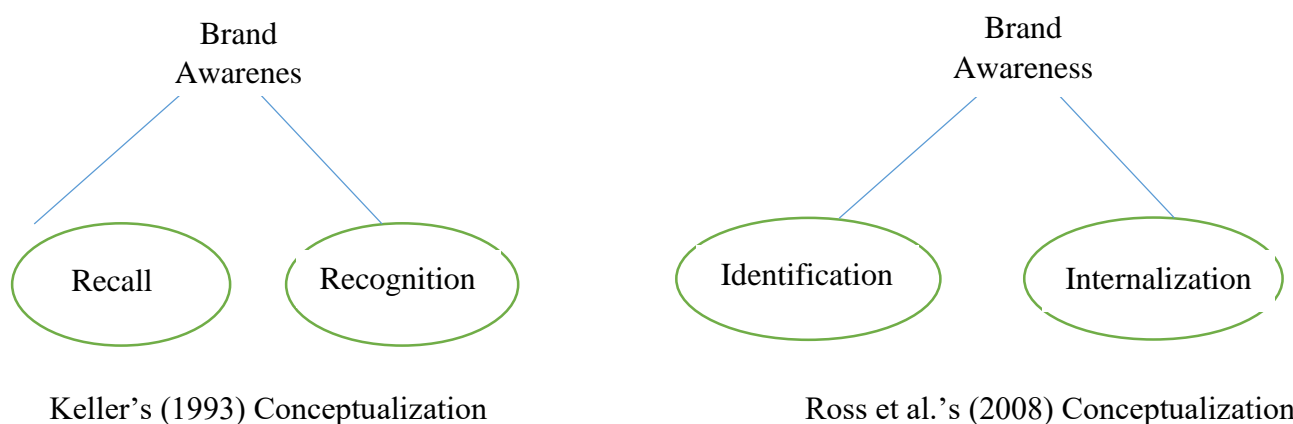
Brand loyalty allows timely response to competitive dangers. When a product with new features is entered into the market, the company with a loyal customer group does not worry, because the customer does not buy the new product of the rival company, considering that the new brand could not produce a better product than existing one. Thus, the company with a loyal consumer applies a follow-up strategy that eliminates the disadvantages of being the first company to enter the market, thus it becomes more advantageous when entering the market.

Brand loyalty is not only an element that satisfies the consumer emotionally. It also offers many other benefits to the consumer. First of all, the consumer makes

the purchase decision by passing from the decision of purchase to the other stages. This makes it easier for the consumer and prevents them from spending their time inefficiently in the search for other alternative brands. In addition, it reduces the risks that may arise from the purchase of other unknown brands (Ersin, 1999: 61). Consumers are willing to pay more to the brand that they are loyal to, rather than risking by trying a brand that they do not know. Because when consumers buy these brands, they perceive a unique value that they cannot receive from other brands (Yıldız, 2006: 35).

Brand awareness- Brand awareness is the ability of a potential customer to identify and remember that the brand belongs to a particular product group. Brand awareness is included two measurements: brand recognition and brand recall. Brand recognition belonged to the capacity of the client to remind earlier experiences with the product that given the brand as a sign (Keller, 2003). Brand recall belonged to the capacity of the buyer to recover the brand when given the item classification as a signal (Keller, 1993). In order for a client to set up positive connections with respect to an item, he or she have to be uncovered to the item by methods of marketing communications.

Figure 3. Brand awareness components

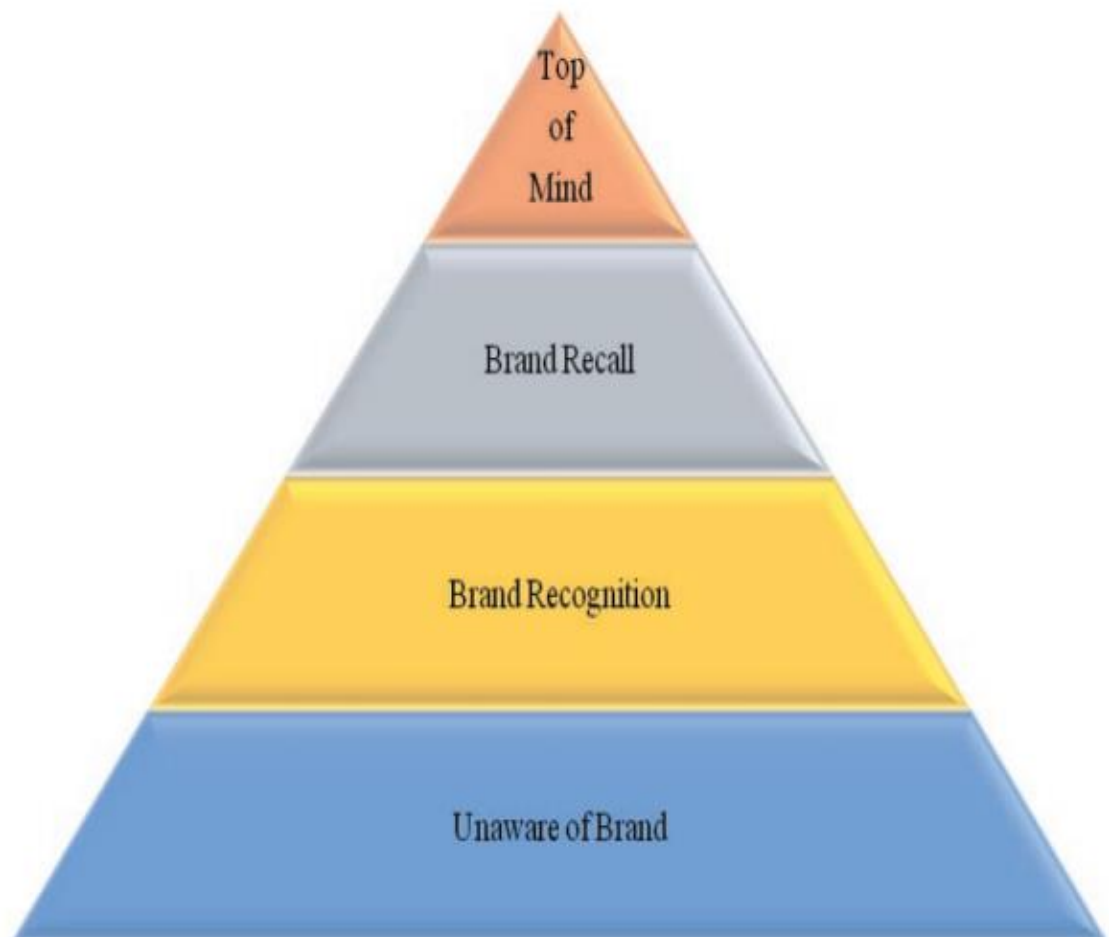


The brand equity model that designed by Ross, et al. (2008), 2 components are distinguished for brand awareness which are shown above: identification and internalization. Identification is connected with brand recall however, internalization is representative of brand recognition.

If consumers are able to distinguish the products and services and the benefits of the products offered by the brand, it is possible to talk about brand awareness (VanAuken, 2003: 78). A high brand awareness demonstrates the strength of unity and loyalty between the customer and the brand, and brand loyalty helps to remember the product during the purchasing process (Aaker, 1995: 208).

In the first stage of brand loyalty, awareness or recognition of the brand is very important. At the same time, the recognition of the brand also helps to think about brand as a high quality product. Because, if consumers may not be sure from the quality of the product, they prefer familiar brands in this situation.

Picture 4. Brand awareness steps



Source: Aaker David. A (19 91), "Managing Brand Equity", The Free Press, New York, p. 62

Aaker (2010) expressed that brand awareness owns different steps. The bottom step is “unaware of brand”, the next one is brand recognition and expresses awareness, a way of aided recall. The following step is brand recall, a way of

unaided recall and expresses familiarity of a brand when an item category is referenced.

“Top of mind” is one of the level that the first brand that clients remember when they are inquired an impulsive question about a classification. Djerv and Malla (2012) trust that a buyer's top-of-mind familiarity of a brand is affected by the client's understanding of the product.

Unaware of brand: At the level of unaware of the brand, the consumer is not aware of the name or the existence of the product. In this case, brand positioning studies should be taken into consideration seriously from the beginning.

Brand recognition: At the level of brand recognition, the brand is included in the consumer's memory, but remains in the background of brand preferences. For example, the consumer knows “Milla” milk, but the “Azərsüd” brand is in the forefront in purchasing behavior. The result is that the customer recognizes “Milla”, but he prefers “Azərsüd” for his preference.

Brand recall: At the level of brand recall, the consumer recalls the brand, but it needs to be consolidated. Although the product is seen in the shelves, the attention of the irrelevant consumer should be attracted more.

Top of mind: At the level of top of mind, there is no need to create awareness for the consumer. Because the relevant brand has taken its place completely in the mind of the consumer. The important thing after that is searching new customers.

Brand awareness creates value in four ways: influencing other associations, increasing awareness, commitment and being among the brands. It would be useful to explain these concepts (Aaker, 1991: 67):

Influencing other associations: The first basic step in communication is brand recognition. The brand name is a special combination of emotions and realities that integrated with the name. For example, kids, entertainment, Big Mac etc. are qualities that are added to Mc Donald brand name. These qualities are added to the brand due to the existence of brand awareness. Other communication efforts have no effect without brand awareness. Firstly, the brand awareness must be provided for a consumer who wants to buy a brand.

Increasing awareness: Recognizing the brand, being aware of it affects the decision making in a positive way. Researches show that there is a positive relationship between the number of display and the liking. It is also pointed out that display repetition does not change the measurement of recognition and increases the liking.

Commitment: Brand awareness can be an indicator of commitment and quality that are important for industrial buyers. If a brand is recognized; the business has done a lot of advertising; the enterprise has been operating in the sector for a long time, the enterprise has a general distribution network or the brand is successful.

Being among the brands: The first step of the purchase process is to create brand alternatives. Other communication efforts that are applied may be inconclusive without being brand awareness. The attitude and image elements towards the brand do not develop without the development of brand name recognition in the mind of the consumer, (Odabaşı and Oyman, 2007: 370).

Brand awareness is the strength of the marks of the brand in consumer memory and it is a prerequisite for the formation of perceptions and ideas about the brand.

Brand awareness makes the customer feel a sense of closeness to the brand, and people prefer the brands they know and feel close to.

Brand association. Brand associations are defined as anything that is related to the brand in the consumer's mind (Aaker, 1991). Brand association refers to the related knowledge that a customer has about a brand in his or her mind (Keller 2008:47). According to Aaker and McLoughlin (2010:179) brand associations as any direct or indirect relationship that buyers add to a brand. This idea is additionally bolstered by Jooste et al. (2012:397), noticed that brand associations can be tangible features, human qualities, the organization's abilities or the individuals and culture that clients related with a particular brand.

Brand associations cover item characteristics, client benefits, utilizes, buyers, item classifications, rivals and nations. Associations can support clients to

process or recover data, be the reason for differentiation and enlargements, give motive to purchase, and make positive emotions. Clients use brand associations to handle, design and recover data in mind and this encourages buyers to make buying choices (Aaker, 1992). If organizations would like to set up powerful brand equity, they should know the main aspects of brand image (Lee et al, 2006). At the point when there is a more elevated amount of brand relationship, there is a higher inclination for brand expansion to wind up important to clients. The unique, powerful and superiority of brand associations is the most important factor affecting the formation of brand equity.

Brand associations arise from consumers' presentation and communication practices, along with the physical properties of the product. Brand associations, as well as being rich in terms of content, directly and indirectly include the qualities and benefits associated with the product (Kirmani and Wright, 1989: 344).

While brand associations have many benefits, their main benefits are help process/Retrieve information, differentiated position, reason to buy, create positive attitudes/feelings and basis for extension.

Help process / Retrieve information- Especially, logo or colors of brands are an important elements in remembering the brand. Associations serve by summarizing a number of features and truths. Otherwise, access to such information will be difficult by consumers, and expensive for businesses.

Differentiated position- Associations differentiate the existing brand from other brands. In some product categories such as wine, perfume and clothing, many consumers are unable to distinguish various brands. The associations created by the brand play an important role in distinguishing one brand from another. If businesses can achieve to create a differentiated associations for their brands, they will gain a fundamental competitive advantage.

Reason to buy- Many brand associations contain certain qualities or benefits (reason to buy) that make the brand available or preferred. Brand associations affect the purchasing decision with this way. Many brand associations, including

product features or customer benefits, provide specific reasons for the purchase of the brand.

Create positive attitudes/feelings- Brand associations help to convey emotions to the brand by stimulating positive emotions in the consumer mind. Symbols that will be evaluated positively by everyone always lead to various positive associations in individuals. For example, the relationship between a well-known and popular singer and a brand can lead to such association.

Basis for extension- Associations contribute positively to the extension of the brand to new markets and help the brand to operate and succeed in different fields of production. An association can be the basis for extension by creating a sense of harmony between the brand name and the new product.

Perceived Quality- When considering the perceived quality, the questions that should be emphasized on how the brand appears in the eyes of the consumer, how it is perceived and how it feels to the consumer. Perceived quality is the consumer's perception of the brand.

Perceived quality is that customers perceive the quality or superiority of the product or service in accordance with the intended purpose in connection with alternatives. Perceived quality is not an objective concept because it is based on perceptions of what is important for customers. It is a concept determined in relation to the purpose and other alternatives. Perceived quality is often the reason for purchase for consumers. The perceived quality advantage of the brand makes it possible to demand high prices. High perceived quality facilitates brand positioning and brand expansion. For the intermediaries in distribution channels, the perceived quality of the brand is also important for the image (Aaker, 1991: 85).

Consumers generally are unable to obtain objective information in the concept of quality, or they do not have the ability to obtain the process or resources of that knowledge. However, the perceived quality is centralized in every way because the perceived quality depends on the consumption decision, so all elements of the marketing program can be made more effective. If the perceived

quality of the brand is high, advertising and promotion work becomes more effective (Aaker, 1991: 87).

Picture 5: The Value of Perceived Quality



Source: Aaker David. A (1991), "Managing Brand Equity", the Free Press, New York. p. 86.

There are some benefits of perceived quality that adds value to a company:

Reason to buy- The perceived quality of a brand constitutes the real reason for buying by determining which brands will be entered into the group of brands considered for purchase. Perceived quality affects the purchase decision and makes all components of the marketing program more effective. For example, if perceived quality is high, advertisements are more effective (Aaker, 1991: 91).

Differentiated position- The position of the brand and the difference of it are determined by the perceived quality dimension. The class of the brand, whether the brand is the best in that class are determined by the perceived quality (Aaker, 1991:91).

A price premium- The perceived quality advantage also offers a high pricing option and in this way, the profit of the enterprise increases and creates resources to re-invest to the brand. The high price not only creates resources but also increases the perceived quality of the product (Aaker, 1991: 91).

Channel member interest- Perceived quality expresses meaning for consumers as well as for retailers, distributors and other channel members. Channel members can sell high perceived quality products at an attractive price to attract consumers. For reasons like this, channel members, such as retailers, want to have the products that consumers are interested in, even respected (Aaker, 1991: 91).

Brand extension- Brand with a high perceived quality can be expanded successfully. In a study that examined six brands, the perceived quality of the brand has been determined as an important factor in the expansion of the brand (Aaker, 1991: 91).

An understanding of how consumers perceive the brand quality, enables to group consumers and thus make consumer brand preferences more predictable. At the same time, knowing how the brands perceive quality supports business managers to identify the strongest and weakest quality groups. Perceived quality contributes to the implementation of important strategies for business such as advertising, promotion and distribution strategies more effectively. All these features provide some benefits to business managers (Morton, 1994: 32).

Building brand equity- All of the components of brand equity add value to a company in different ways. Brand determines the worth of brand equity, then a company may obey guidelines to set up and control that value.

Brand Loyalty:

- Alluring new clients through trust
- Diminished marketing and advertising costs
- Time to react to hazard in competition

Brand Awareness:

- Awareness that leads to sympathy
- Visibility that supports earning consideration
- Signal of obligation
- Stay to which different affiliations can be connected

Brand Associations and Perceived Quality:

- Support exchange information
- Distinguish/Position
- Generate affirmative relation

1.3. Factors affecting consumers' purchasing behavior

There are several factors that affect customers' behaviors in the purchasing decision. The following factors could be an example:

Social- One of the vital factor is social that include family, roles, reference groups which effect customer purchasing behavior.

Family: The family members have an essential impact in structuring one's inclinations and treatment. Children willing to do anything that their parents did. Therefore, they purchase same items as parents, because children be affected by parents buying behaviors. The family can impact the purchasing behavior of a person in both of the two different ways:

- Impacts the characteristics, thinking, treatment of the person
- Impacts buying behavior of the person that influence to purchase specific items

It is trusted that a person lives in two families:

- Family of Orientation
- Family of Procreation.

In the previous kind, it is the family that a person born and the parents impact his or her behavior significantly. Whereas in the family of procreation, family made by a person with partner and children and the choices willing to change with the impact of the partner.

Reference Group: A reference group is a group that a person would like to included and connected to this group. It is fact that who are the participants of the group, they have a huge impact each other in purchasing behavior.

Because of impact of group members to each other, the marketers may arise the need to determine the roles between the reference group members.

- Initiator - which group member starts the purchasing decision
- Influencer - which group member opinion impacts the purchasing decision

- Decision-Maker - which group member has the dominance to make decision about product
- Buyer - which group member purchase an item in the end

Roles and Status: A person's choices in purchasing process as well as related with his or her status or position in the company. If an individual works in leading position, it is anticipated that he or she will buy products which advocate their status.

Social factors have a great impact to a person buying behavior, therefore companies should know and analyse carefully before organizing marketing campaigns.

Psychological- Another factor is psychological that impact customers behavior in the purchasing decision. It consist of motivation, perception, learning and attitudes and beliefs factors.

Motivation: Maslow's hierarchy of need is the clearest explanation for motivation factor that shows levels of an individual needs. Buying behavior changes according to levels of needs. Hierarchy consist of physiological, safety, love and belonging, esteem, self-actualization needs that are shown at Picture 6. It is expected that who achieve bottom level needs, they are focused on to choose superior products in their decision making process.

Perception: The client perception towards a specific item and the brand as well as impacts his or her purchasing choice. The perception is the procedure through that a person chooses, design and explain the data to make a significant consequence. For example, Louis Vuitton is seen as a superior brand and buyers are stimulated to purchase an item to act as a member of upper class of people.

Picture 6. Maslow Hierarchy



Source: Aaker David. A (19 91), "Managing Brand Equity", The Free Press, New York, p. 37

Learning: The person's learning relies upon the abilities and knowledge. The abilities are improved through training while the knowledge are obtained with the reading. There are two types learning:

- A conditional learning
- A cognitive learning

In the conditional learning, the client determines learning from being trained to specific motivation, for example when he or she is revealed to the akin circumstance, again and again, he or she builds up a specific answer towards that. While in the cognitive learning the person uses all his experience, ability, skills to detect the solution of an issue and determine fulfillment out of it.

Attitudes and Beliefs: The people have definite trust and attitudes towards items on which their buy choices rests. These features are the inclination to react to a given item with a specific method, and these organize the brand image that impacts the client purchasing behavior.

Culture- Culture factors are divided into three different category: culture, subculture, social class

Culture: The culture belongs to the traditions, beliefs, convictions that a specific class of individuals follows. The culture differs from area to area and even from nation to nation. In order to achieve success, marketers should attentively learn each various cultures and organize the plan of marketing according to each nation's culture.

Subculture: Each culture consists of a combination of smaller subcultures. Subculture members are more easily defined social groups. Subculture is therefore a sub-section that foresees the particular form of life or behavior of culture. It is mostly regional, because the inhabitants of the particular region tend to think and act in a similar way under close relationships and various external influences. The subculture plays an important role in the development of person behavior.

Social Class: When we look at history, there is a social classification in all civilizations. Each social class consists of sections of society that is relatively homogeneous and certain lower and upper boundaries. Each class has a hierarchical system within itself, and each social class members share the same values, the same information, lifestyle, interests and behaviors. A society can be classified in different ways. Not one or two variables, a number of common qualities determine the social class (type and source of income, occupation, type and place of residence, occupational success). However, there are no definite limits between social classes, people may move to the upper class or fall into the lower class. Social class distinction is particularly important in marketing segmentation. As the tastes and behaviors of each social class vary, the purchasing decision process is different, and these differences are taken into consideration in the products, services and promotions offered to different target markets.

Economic- The next factor is economic that has an influence in buying behavior.

Personal Income: The personal income has an immense role on person purchasing behavior as it identifies that how much money can be spent to the products by an individual. There are two kinds of personal incomes that are called disposable income and discretionary income.

The disposable income is the income that remain after paying taxes, duties and other important payments. If disposable income increase, consumption and expenses of an individual will rise.

The discretionary income is the income that remain after spend money to meet all needs such as daily demands (foods, drinks) or clothing, luxuries etc. If discretionary income rise, consumption of shopping goods will increase due to developed standard of living of a person.

Family Income: The family income support to increase savings after to meet all basic needs. It stimulates that to increase the consumption of shopping goods through family income. It has an impact to all members of the family.

Income Expectations: Income expectations impact to consumers buying behavior according to clients' future assumptions. A customer will buy products if he or she expect a rise in income.

Consumer Credit: The credit which provided bank or by seller as well as stimulate the buyers for purchasing products. It encourages the clients to spend more money which they considered.

Savings: The volume of savings has an impact on clients' purchasing behavior. If savings are more, the spending will be less to the products for the near future, the opposite of this situation as well as can occur.

Personal- The other factor is personal factor which has immense role in consumers purchasing decisions. Profession, economic situation, life style, age can be an example for personal factors. The profession of a costumer can define the kind of products which they purchase. Life style and age as well as affect purchasing behavior. Consumers change their buying behavior from year to year. Producers consider that process and determine their target market and develop outputs to fit any step.

Age: The age of the person will be effective in terms of which goods and styles he will tend. The age divides the consumers into a number of subcultures. People need and consume different products throughout their lives. As a baby toys, as a young books and etc.

Income: The choice of a product is strongly influenced by purchasing power, except for all other factors. Because if a person does not have purchasing power, all the factors described above will be invalid. The economic conditions of the individuals indicate their incomes, their savings, their credit power and their willingness to spend against savings.

Occupation: The person's profession will greatly affect his purchasing decisions. Ordinary workers will use goods such as business suits, work shoes, while the head of the company will want to buy expensive suits, air tickets and yachts. Marketers should consider developing different types of products for different occupational groups.

Lifestyle: People can have quite different lifestyles, even if they are from the same subculture, social class and profession. A person's way of life expresses his view of life, his activities, interests, thoughts and expectations from life. The fact is that the person is married or single, whether he or she has children, gender, income level, education level, occupational status and lifestyle are the personal factors that affect purchasing decisions in the largest dimensions. The purchasing decisions of people who are married or have children will be different from single person decision in terms of the same monthly income, as well as the purchasing decisions of a manager or engineer will be quite different from decision of worker whose life style is quite different from them, in condition of the same monthly income.

CHAPTER II. EFFECT OF BRAND EQUITY ON CONSUMERS' BUYING BEHAVIOR IN MILK INDUSTRY

2.1. Milk and milk products industry in the world

The first proof of dairy utilization goes back more than six thousand years, and today dairy items are delighted in everywhere throughout the world. Over the past couple centuries there has been an extraordinary measure of innovativeness and development with regards to manufacturing and using dairy items. At the present age, milk and milk products industry has an essential role in the world economy.

The worldwide dairy industry is presently experiencing a time of disturbance. Reducing interest from China, trade ban of Russia and the expulsion of EU milk standards, brought in a time of surplus supply and cheap products. In spite of this, the dairy industry stays positive in long term viewpoint. Increasing populations and changing eating regimens are growing interest for milk and milk products. As earnings increase and societies become progressively urbanized, people willing to get a greater amount of their calories from proteins rather than essential carbohydrates. Worldwide interest for dairy is supposed to rise by 2.5 per cent per annum to 2020.

According to the statistics of FAO total milk production is estimate to develop 16 million tons to 859 million tons in year of 2019 which is 824.8 and 843.2 accordingly in 2017 and 2018. All areas (Asia, North America, South America, Europe) are expected to see production extensions. The growth of milk production especially stems from India, Pakistan, some Europe countries, the USA, New Zealand and Brazil.

Milk production is forecasted to extend to 196 million tons in 2019 in India which is 23 percent of total world milk production. Pakistan is situated at the fourth place in milk production that is estimated 47 million tons production in 2019. In the United States of America, milk yield is anticipated to extend by approximately 1 % to about 100 million tons.

Table 1. Trade in dairy products: Principal exporting countries

	Average 2015-17	2018 Prelim.	2019 forecast	Change 2019 over 2018
	Tons (Product weight)			
WHOLE MILK POWDER				
World	2484	2458	2514	2.3
New Zealand	1355	1381	1471	6.5
European Union	392	334	308	-7.8
Uruguay	110	143	148	3.4
Argentina	106	135	142	4.8
SKIM MILK POWDER				
World	2269	2589	2662	2.8
European Union	685	834	857	2.8
United States of America	587	716	683	-4.7
New Zealand	419	363	416	14.6
Australia	174	156	151	-3.1
BUTTER				
World	922	921	939	2.0
New Zealand	480	459	477	4.1
European Union	186	158	162	2.0
Belarus	84	90	91	1.2
United States of America	30	52	45	-13.0
India	10	30	34	15.8
CHEESE				
World	2459	2559	2603	1.7
European Union	783	833	845	1.4
New Zealand	342	324	354	9.2
United States of America	317	350	341	-2.6
Belarus	190	210	214	1.9

Source: <http://www.fao.org/3/ca3879en/ca3879en.pdf>

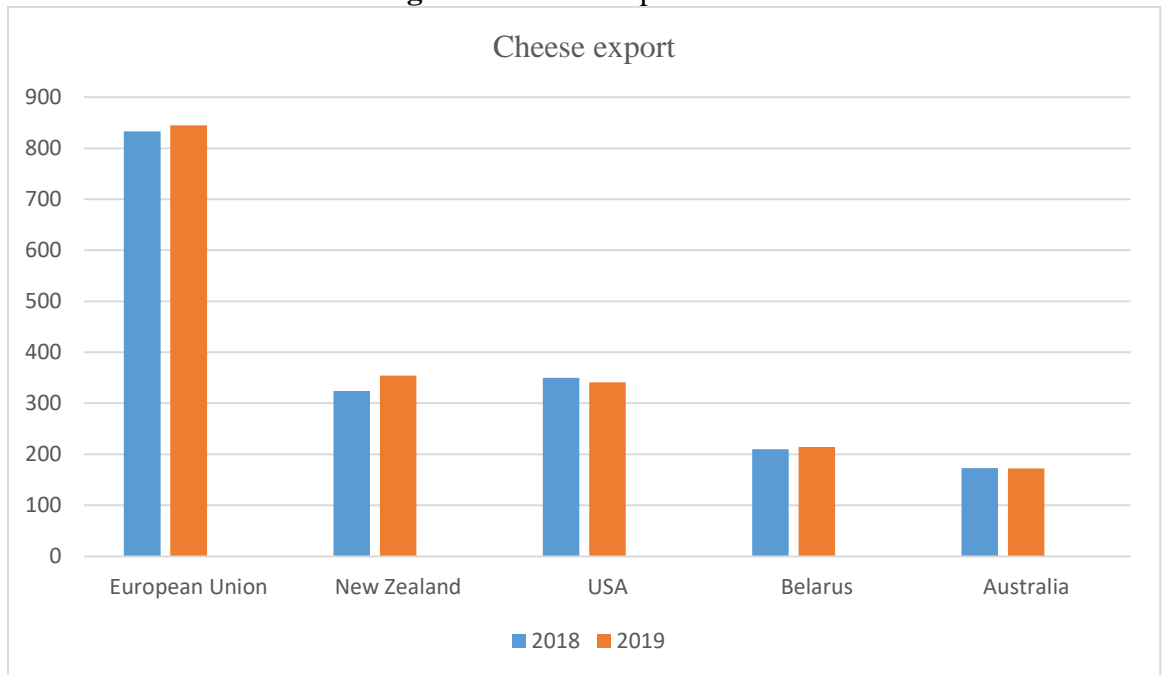
Whole milk powder- Generally, increase are expected in export of whole milk powder in the world in 2019 that are estimated as 2.3 percent growth. The biggest positive change in WMP export belonged to New Zealand with 6.5 percent between 2018 and 2019. The forecasted WMP export is approximately 1471 million tons in 2019 in New Zealand that stems from increasing China's import demand (690000 tons). EU shows decrease in WMP exports in 2019 with -7.8 percent, in contrast to Uruguay and Argentina.

Skim milk powder- Development trend are noticed in SMP export in the world from 2018 to 2019 with 2.8 percent. Although WMP export of EU decrease year by year, SMP export in EU anticipated to increase 2.8 percent in 2019. USA and Australia has negative outlook in SMP export from 2018 to 2019 accordingly -4.7 and -3.1 change.

Butter- Generally, predicted that butter export in the global market will increase about 2.0 percent in 2019. India shows significantly development in export of butter with 15.8 percent change as access of new markets are arisen for expanding business. Belarus may have to accept a smaller growth of exports in 2019, due to limited export availabilities. Belarus is one of the main exporter of butter that 1.2 percent positive change are predicted in 2019. It is predicted that export of butter in USA will decrease significantly in 2019.

Cheese- The biggest predicted growth in cheese export is belonged to New Zealand with 9.2 percent change that weight will reach to 354 million tons. Belarus and EU follow New Zealand accordingly with 1.9 and 1.4 percentage change. USA cheese export are expected to decrease from 350 to 341 million tons. Insignificant decrease are predicted for Australia cheese export in 2019 which are estimated to reduce about 1 million from 173 to 172 million.

Figure 4. Cheese export



Source: Rabobank (2018)

According to the statistics of “Rabobank”, some displacements are observed in “Global top 20 dairy companies” list. However, first place holder “Nestle” remain its place in 2018. “Lactalis” and “Danone” change places between them. These two French companies situated 2nd and 3rd places with accordingly 19.9 and 17.6 billion USD dairy turnover. “Dairy Farmers of America” achieve to stay in the same position and include “Top 5” again that dairy turnover was 14.7 billion USD in 2017. New Zealand based company- “Fonterra” achieve to get place in Top 5 with 13.7 billion USD dairy turnover.

The most advancement belonged to “DMK”- Germany based company that dairy turnover in 2017 was about 6.5 billion USD. This company has risen from 15th place to 13rd place. US based “Schreiber Foods” company fall down from 17th place to the last place of Top 20 list. Dairy turnover of “Schreiber Foods” company was calculated as 5.0 billion USD in 2017.

8 of the “Top 20” enterpreners are the USA and France based companies: “Lactalis”, “Danone”, “Dairy Farmers of America”, “Dean Foods”, “Kraft Heinz”, “Sodiaal”, “Savencia”, “Schreiber Foods”.

Table 2. Global Dairy Top 20, 2018

2018	2017	Company	Country of headquarters	Dairy turnover, 2017	
				USD billion	EUR billion
1	1	Nestle	Switzerland	24.2	21.4
2	3	Lactalis	France	19.9	17.7
3	2	Danone	France	17.6	15.5
4	4	Dairy Farmers of America	US	14.7	13.0
5	6	Fonterra	New Zealand	13.7	12.1
6	5	FrieslandCampina	Netherlands	13.6	12.0
7	7	Arla Foods	Denmark/Sweden	11.7	10.3
8	9	Saputo	Canada	10.8	9.6
9	8	Yili	China	9.9	8.8
10	10	Mengniu	China	8.8	7.8
11	11	Dean Foods	US	7.5	6.7
12	12	Unilever	Netherlands	7.0	6.2
13	15	DMK	Germany	6.5	5.8
14	13	Kraft Heinz	US	6.2	5.5
15	14	Meiji	Japan	5.8	5.1
16	16	Sodiaal	France	5.8	5.1
17	18	Savencia	France	5.5	4.9
18	19	Müller	Germany	5.1	4.5
19	20	Agropur	Canada	5.1	4.5
20	17	Schreiber Foods	US	5.0	4.4

Source: Rabobank 2018 (file:///C:/Users/user/Pictures/Downloads/1576728_Rabobank_Global-Dairy-Top-20_2018.pdf)

2.2. Milk and milk products industry in Azerbaijan.

Milk production sector is one of the leading areas of Azerbaijan non-oil sector and has a significant potential for development. There is a historically tradition in the country related to farming that playing a raw material base for this

industry and this sector has been the main occupation area for people for over a hundred years.

The current structure and size of useful agricultural area in Azerbaijan not only allows the population to fully meet the demand for dairy products, but also export them to world markets.

In addition to 10 big dairy processing firms, it is possible to find about 30 small enterprises dealing with dairy products processing in the database of the Ministry of Taxes.

Picture 7. Resources and utilization of milk and dairy products

	ton						ton
	2012	2013	2014	2015	2016	2017	
<u>EHTİYATLAR – RESOURCES</u>							
İlin əvvəlinə qalıq	119 739	152 313	158 195	164 815	22 115	4 914	<i>Stocks at the beginning of year</i>
İstehsal	1 695 588	1 796 706	1 855 838	1 924 542	2 009 913	2 024 143	<i>Production</i>
İdxal	642 255	573 587	581 753	366 035	288 488	344 018	<i>Import</i>
Ehtiyatların cəmi	2 457 582	2 522 606	2 595 786	2 455 392	2 320 516	2 373 075	<i>Total of resources</i>
<u>İSTİFADƏLƏR – UTILIZATION</u>							
Mal-qara və quş yemi üçün	46 248	47 471	48 848	46 206	23 668	24 657	<i>Used fodder for cattle and poultry</i>
Ərzaq məhsulu kimi istifadə edilmişdir (süd məhsulları daxil edilməklə)	2 206 834	2 257 347	2 321 031	2 345 715	2 276 948	2 317 418	<i>Consumed as food products (including of milk products)</i>
Ərzaq məhsullarının istehsalı üçün ¹⁾	1 841 722	1 873 240	1 930 536	1 951 596	2 017 446	2 096 413	<i>Production of food products¹⁾</i>
pendir istehsalına	371 789	389 695	395 707	399 396	407 142	444 533	<i>production of cheese</i>
süd və qaymaq istehsalına	849 249	859 807	870 109	888 371	913 379	959 931	<i>production of milk and sour cream</i>
kərə yağı istehsalına	477 723	478 949	513 279	524 009	560 551	553 786	<i>production of butter</i>
qatıq istehsalına	127 820	132 877	130 150	125 812	123 973	126 573	<i>production of caucasian milk</i>
sair məhsulların istehsalına	15 141	11 912	21 290	14 008	12 401	11 590	<i>production of other kinds of products</i>
İxrac	47	6 072	6 019	6 262	5 753	15 983	<i>Export</i>
İtkilər	52 140	53 521	55 073	35 094	9 233	9 349	<i>Losses</i>
İlin sonuna qalıq	152 313	158 195	164 815	22 115	4 914	5 668	<i>Stocks at the end of year</i>
İstifadələrin cəmi	2 457 582	2 522 606	2 595 786	2 455 392	2 320 516	2 373 075	<i>Total of utilization</i>

¹⁾ "Ərzaq məhsulu kimi istifadə edilmişdir" göstəricisinə daxil edilmişdir.

²⁾ Included in "Consumed as food product".

Source: State Statistical Committee of the Republic of Azerbaijan. Food Balances of Azerbaijan. Statistical yearbook (2018)

According to the publication about statistics of food balances of Azerbaijan that published by State Statistical Committee of the Republic of Azerbaijan, annual production for dairy and dairy products was more than 2 million tons in 2017. On the other hand, the volume of import of dairy products from other countries was approximately 344000 tons in 2017 that was more than previous year. According to the statistics, consumption of milk and milk products per capita exceeds 230 kilograms. 85.2% of domestic demand for these products is met by domestic production and about 14.8% is imported in 2017. It seen that from the statistics, fluctuation was occur in import of milk and dairy products among 2012 and 2017 years. However, sustainable development has been observed in export of milk and dairy products among this years. (https://www.stat.gov.az/source/food_balances/)

In terms of the turnover of the dairy industry, the domestic market of Azerbaijan is not so small. The number of population increases annually by 1-1.2%, and according to the latest statistics, the country's population exceeds 10 million. Statistics indicate that dairy and dairy products are a major foodstuff in the population's food consumption.

According to the food balances of Azerbaijan statistics that published by State Statistical Committee of the Republic of Azerbaijan, milk and dairy products resources of the country calculated about 2.4 million tons in 2017. 221005 tons of these resources were directed to the people's consumption of milk as a fresh milk and approximately 2.1 million tons were directed to the processing of dairy products.

In the recent years, the government has played a major role in boosting the milk processing sector. Only in the last 12 years 23 dairy livestock farms and 9 milk processing enterprises have been established in the country with the support of The National Fund for Entrepreneurship Support and "Agroleasing" OJSC. The largest one of these milk processing enterprises is located in Agjabadi district, with annual production capacity of 110,000 tons. Other processing enterprises that are located in Kurdamir, Absheron, Beylagan, Gakh, Salyan, Barda and Gadabay are also financed by preferential loans.

However, the potential of the country's milk processing sector is not limited with enterprises that built on preferential loans. There are also some milk processing enterprises that have been established by own capital of the private sector or set up as a result of the privatization of state-owned property into the business sector in the previous periods.

Although the statistics of State Statistical Committee of the Republic of Azerbaijan shows that approximately 15 % of demand is met by import, United Nations Comtrade Database noted that Azerbaijan has spent more money on the import of milk and dairy products. For example, it is clear from the data of the State Customs Committee that about 50 million dollars was spent on import of milk and dairy products in 2015. (https://customs.gov.az/modules/pdf/pdffolder/28/FILE_5ACDFE-6ABB50-5D07D4-9B4D06-DD4FB9-22847A.pdf). However, according to Comtrade, in 2015, Azerbaijan spent \$ 137.5 million on imports of milk and dairy products. (<https://comtrade.un.org/labs/dit-trade-vis/?reporter=31&partner=31&type=C&commodity=04&year=2015&flow=2>)

In total, milk and dairy products were imported from 31 countries to Azerbaijan, but 71% or 97.3 million dollars of total import belonged to 4 countries. These countries include New Zealand, Turkey, Ukraine and Russia. The most imports were from New Zealand with \$ 55.8 million, which is 40.6% of total imports of milk and dairy products. (https://www.stat.gov.az/source/trade/az/f_trade/xt010_1-015_1.xls). In addition to these countries, Germany, Belarus, France, Finland and Lithuania are also included to the list that export dairy products to Azerbaijan. 31.3 million dollars or 23% of milk and dairy products that imported into the country in 2015, belonged to these 6 countries.

There are strong competition among Azerbaijan milk and milk products industry participants. “Atena”, “Milla”, “Azersüd”, “Palsüd”, “MPro” and some other milk and milk products brands have huge share in this sector in Azerbaijan. Each of them has own strategy to gain success in the market. Additionally, global

companies as well as have shares in the Azerbaijan dairy market. “Pinar”, Süttaş” can be an example to this companies. They create hazard for domestic enterprises with their successful strategies. Despite the abundance of offers in the market, the number of new enterprises - domestic and foreign, is increasing. The range of products is also constantly growing. Strong players are always expanding their product line, which leads to increase of sales and shares in the market. However, Azerbaijan domestic companies which is operated in dairy sector has a little export volume to the global market. In the first four month of 2019, import of milk to Azerbaijan has increased approximately 14% (with amount) in comparison with last year (https://customs.gov.az/modules/pdf/pdffolder/83/FILE_E7F150-699EA6-BC5F95-685DEE-7E940C-6FE821.pdf). This competition creates need to identify and understand customers purchasing behavior in order to take a competitive advantage.

According to the statistics of The State Statistical Committee of the Republic of Azerbaijan, Azerbaijan used milk especially for cheese which is about 37%, butter and cream accordingly 30% and 13%. Our investigation-survey demonstrate that how social, mental factors effect clients’ choices when they purchase milk and milk products in Azerbaijan. One of the main reason for choosing items is the quality of milk and milk products in our country. Also, packaging of product creates a huge impact when clients make a decision about items.

2.3. Brand and brand equity effect on consumers buying process

In the today business, managers are looking for approaches to develop their sales volume and profitability of products. Effective brands attempt to set up a feeling of trust for the reason that making solid connections to the client which is one of the primary bases of trade. (Jing et al., 2015).

Operational success in the brand equity is explained by the increase in sales resulting from increasing the satisfaction level of the customers. However, companies that have an understanding of brand equity may request higher prices

than other competing companies. The advantage here is related to the ability of enterprises to realize strong brands by understanding brand equity. A strong brand name gives consumers confidence and increases the level of being aware of the product (Kim, 2005: 549-550).

In addition to adding value to the customer, the brand equity provides positive value to the company by changing the cash flow positively. The efforts needed to attract new customers and regain old customers are accelerated through brand equity, creating reason for purchase through perceived quality and brand associations and satisfaction after use can be determined. Increased brand loyalty is particularly important in terms of keeping product advantage against competing companies and creating a quick purchasing response. A company with a disadvantage in the brand equity will have to allocate more resources to promotional activities in order to maintain its position in distribution channels. Brand equity will create a growth platform through brand expansion and advantage will be provided in distribution channels. Working with a brand that has proven its name in the commercial position will minimize the uncertainties, as in customers. Finally, brand equity qualities will provide a great competitive advantage to the brand owner (Aaker, 1991: 17-18).

Types of consumer purchasing decisions- There are three types of consumer purchasing decisions:

- Routine (automatic) Purchase Behavior
- Limited Problem Solving (Limited Decision Making)
- Common Problem Solving

Routine Purchase: This is the purchase decision type that seen in the usual buying behavior. It is usually encountered in situations where the price is low, is often purchased, does not require information about the product or research on the product. Because the consumer knows the product well, he or she knows everything about brand. Therefore, while the consumer decides to make a purchase decision, he or she will choose the same brand product. Like the usual buying behavior, bread,

salt, milk, soap, matches and so on. In the purchase of products, the type of purchase decision is valid.

Limited Problem Solving (Limited Decision-Making): Consumers make a purchase decision for brands that need less information when making a purchase decision. Because the consumer has some experience about the product and brand he / she is considering to buy and needs less information. In this process, although the consumer is looking for brands that need less information, he / she can stand on other brands, get information about those brands and evaluate the conditions. This type of purchase decision type can be seen in purchasing behaviors that reduce mismatch.

Common Problem Solving: This is the type of purchase decision that occurs when the consumer does not know the brand he / she is considering buying or has little information about the brand. Prices of brands are high. This type of purchase decision type can also be seen in complex purchasing behavior. Consumer information search, which has no experience, no knowledge or little information about the brand, will go to the collection path and accordingly make a purchase decision.

In order to accomplish this objective, companies try to understand the connection between client behavior and brand equity, because brand equity effect the choices of customers in many times. Each components of brand equity as well as has a huge impact on the consumers' buying behavior.

Brand equity brings more customer loyalty, more resistance to aggressive marketing strategies of competitors and economic downturn, more income, consumer attitude that is not sensitive to the price increases, stronger commercial links and support, increased marketing communication efficiency and increased brand expansion opportunities (Keller, 2003: 60).

Brand preference. Brand preference could be the beginning for the customers' decision to purchase. Several investigations demonstrate that there is an affirmative relationship between brand preference and customers' decision to purchase. Over time, services and products turn out to be increasingly like with one another,

because companies copy the new items rapidly. It creates obstacles for customers to distinguish items. In order to accomplish excellence, entities try to do advertising and promotion activities for products and services. Brand excellence is important to customers in the buying process of items.

Purchase intention. Studies which are related to branding demonstrate that brand equity is an essential element in the customers' purchase intention that inspires them to purchase more. Customer's intention to purchase a brand is established not only by the relation toward the brand, but also by thinking a series of different brands.

Today's consumers not only focus on the products that meet their needs, but also consider the name of the brands. The main target of the enterprises is to attract the attention of the consumer, to convince them and to ensure that the brand is preferred.

Consumers pay in three important ways. These are time, money and emotions. According to consumers, time is the most important resource. It can be said that brands which understand this are more attentive about fulfillment the promises that effect the brand equity. As a result, when consumers perceive a brand as a brand that constantly delivers value, enterprises enjoy increased profitability, greater consumer loyalty and increased brand capital (Knapp, 2000: 22).

Consumers who encounter many alternative brands during the day, often have limited time at the purchase decision. In this limited period, consumers prefer the brands that have the highest brand equity. It is very difficult to compare and evaluate all products and brands in this competitive environment. The brand is the decisive factor in the decision that made among many brands and numerous product options.

If we take into consideration milk brands, it would not be wrong to say that most milk products are similar in terms of their functions. The tastes, prices and packaging of the products are very similar to each other. However, the difference of the emblem on the package leads people to make brand choice.

People choose brands (including milk brands) that they think are suitable for them and they feel better in this way. Because these brands provide their expectations and emotional satisfaction. The reason of this is that these brands have high brand equity.

As mentioned before, brand equity consists of brand associations, perceived quality, brand awareness and brand loyalty. Each brands are working hard to create all these dimensions in the most noticeable way. Milk brands are among the brand types that carry out these works. The main objective is to recognize the brand and buy it faithfully.

CHAPTER III. DEVELOPMENT PROSPECTS OF BRAND EQUITY IN AZERBAIJAN MILK AND MILK PRODUCTS SECTOR.

3.1. Problems of development of brand equity in Azerbaijan milk and milk products sector

Although the milk processing sector has unused potential in Azerbaijan, there are also many problems in this field. First of all, in terms of technical, technological and raw materials, the milk processing industry is completely depend on import. Take into consideration that all these instruments are purchased with foreign currencies and it increases the costs of entrepreneurs in this sector, in condition of value loss in national currency.

Another important problem is the lack of contractual relations between dairy producers and manufacturers. At present, the bulk of milk for milk processing purchased from households that are not registered as official farms and have no farm status in Azerbaijan. The relations of the processing enterprise with such farms are also non-official. There are negative sides of this condition for each of them. When milk is plentiful, processing enterprises are able to reduce the price of farmers to desired extent or they can refuse to take any product from any household. In practice, it is possible to occur such situation in spring and summer months when milk is usually abundant in this period. In the autumn-winter months, when milk is relatively scarce, households can disrupt informal agreements with milk processing enterprises. Due to lack of official contract, farmers agree to another transaction that offers a higher price, even without warning about the suspension of the product to the previous enterprise. Such situation can exacerbate the working environment of the processing enterprises that have adapted their production capacity to a certain amount of raw material. The absence of formal contractual obligations does not constitute responsibility or liability for farmers in terms of the quality of the products that taken by milk processing enterprises. Processors complained that households sometimes add water to their milk to increase the mass of milk that they sell.

One of the serious problems is that dairy producers are small and not numerous, and far from retail and each other. This situation increases milk processing costs and decreases competitiveness. Studies show that currently, milk production in Azerbaijan is mainly provided by households with 2-3 cows. Cooperatives are generally non-existent, while large-scale farms owned to at most 3-4% of the number of cows. Manufacturers sometimes have to go to 50-60 households for raw materials that they can take from one medium-sized farm. This is both a waste of time and raises the cost of transportation, accordingly increasing the cost of milk products, and also requires a large number of milk samples to be analyzed. However, the withdrawal of milk from large farms or cooperatives does not only save the cost of transportation. The maintenance of veterinary specialists in these farms creates favorable conditions for permanent control. Research in Turkey shows that collecting milk from retailers and small size producers, transporting and analyzing it, requires additional costs up to 15% of the purchase price of milk.

Finally, one of the most serious problems is the limited market channels for selling the product. Studies show that dairy producers, especially who lives in the region, mentions limited sales opportunities as one of the major problem. On the other hand, they are suffering from geographical difficulty. So it is almost impossible to sell products in the regions because milk products which are prepared based on hand-made technologies are cheaper than products that are prepared by high-tech, as a result cheaper products narrow the sales channels of highly expensive analogic products. In addition, people living in the provinces of Azerbaijan, even people who works in the non-agrarian sector, have a large number of animals that are capable of meeting their own needs, they are not just for sale also utilized as auxiliary farms. In other words, 20 to 25 of the 100 households are the potential customers of dairy processing enterprises in the regions. Therefore, all the enterprises have to compete in the regions that are mainly in the same geographical area - in Baku, Ganja and Mingachevir.

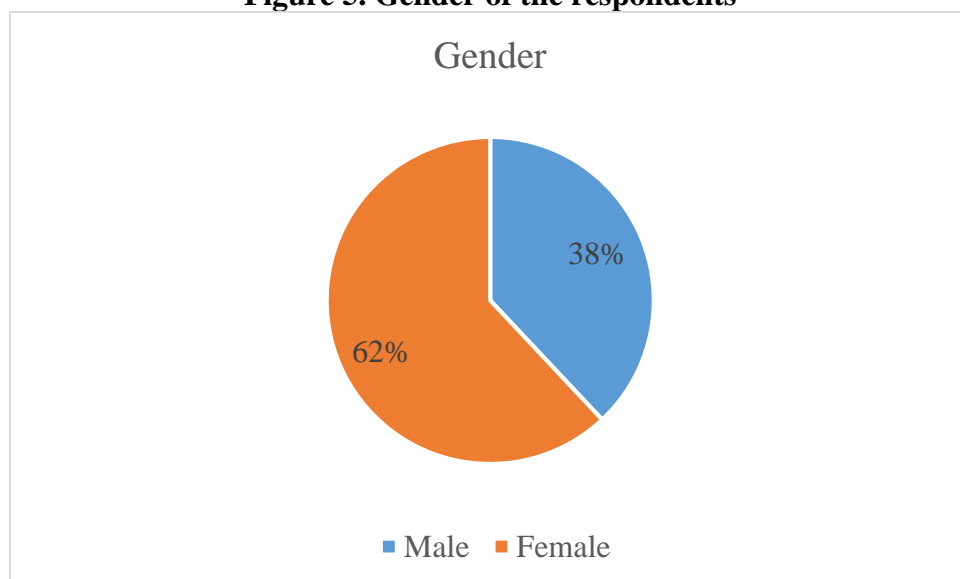
On the other hand, there are limited sales channels. So that, processing enterprises are not able to sell products to other market channels besides supermarkets. However, in some countries, dairy products are purchased as raw materials for candies, chemistry, medicine and the bakery industry.

3.2. Investigation of the brand equity effect on consumers' buying behavior through the survey

The objective of this research is to identify the effect of brand and brand equity on consumers buying behavior in milk and milk products industry in Azerbaijan. Quantitative research was used for this research. Surveys are the most widely recognized procedure for gathering quantitative information. In order to achieve the objectives of the research, primary data collection method was utilized. Primary data is information that is gathered directly by the researcher. Online survey was organized and 10 questions were asked to respondents due to find an answer for research questions easily. Random sampling method was used by selecting respondents randomly.

People are effected by individual elements such as demographics that contain a personal's gender, age, monthly income. The first 4 questions are related to demographic characteristics of respondents.

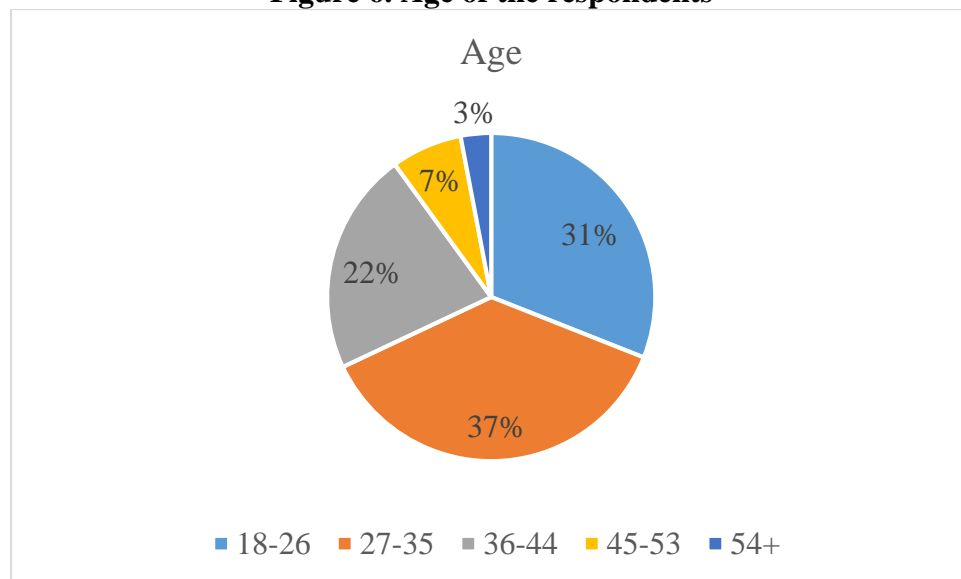
Figure 5. Gender of the respondents



Source: Compiled by author according to survey results

First question identify the gender of participants which are shown by percentage in figure 5. It demonstrates that the most respondents of survey are females with 62 %. On the other hand, 38 % of respondents are male. The main reason of this difference between male and female percentages is that women are more interested in shopping for family and are more willing to participate in the research.

Figure 6. Age of the respondents



Source: Compiled by author according to survey results

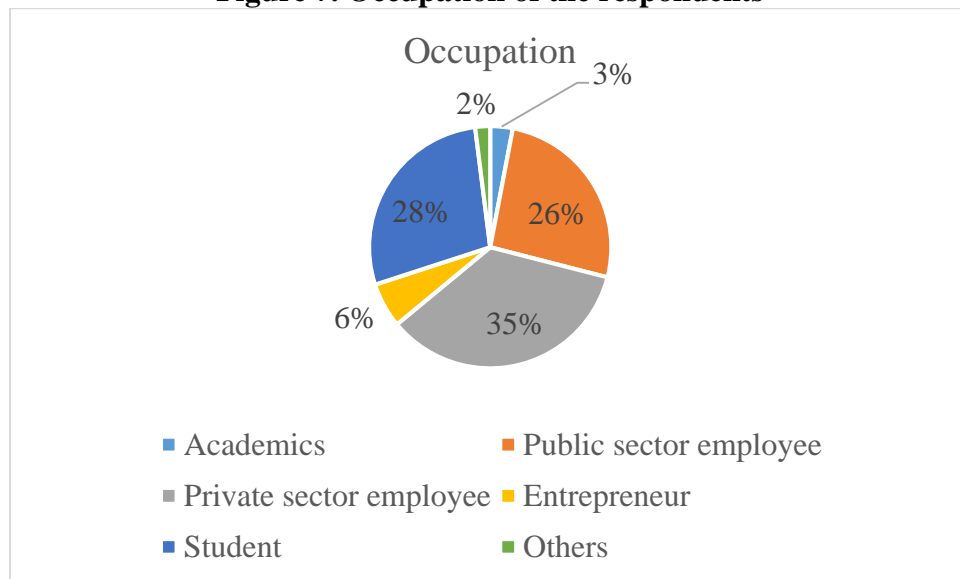
Next question is related with age groups of people. Thoughts and behavior can be different between old and young people. Therefore, it supports that to compare perceptions of people about brand over various age groups. The above options are given to respondents of survey.

The essential portion of respondents is on the 27-35 age range with 37%. 18-26 age range is the second largest group who respond to survey (31%). The lowest percentage belonged to 54 and over 54 age respondents who answer survey questions (3%).

The other question determine the profession of respondents. 6 options were offered to people that are academics, public sector employee, private sector employee, entrepreneur, student and others. The responses shows that the most

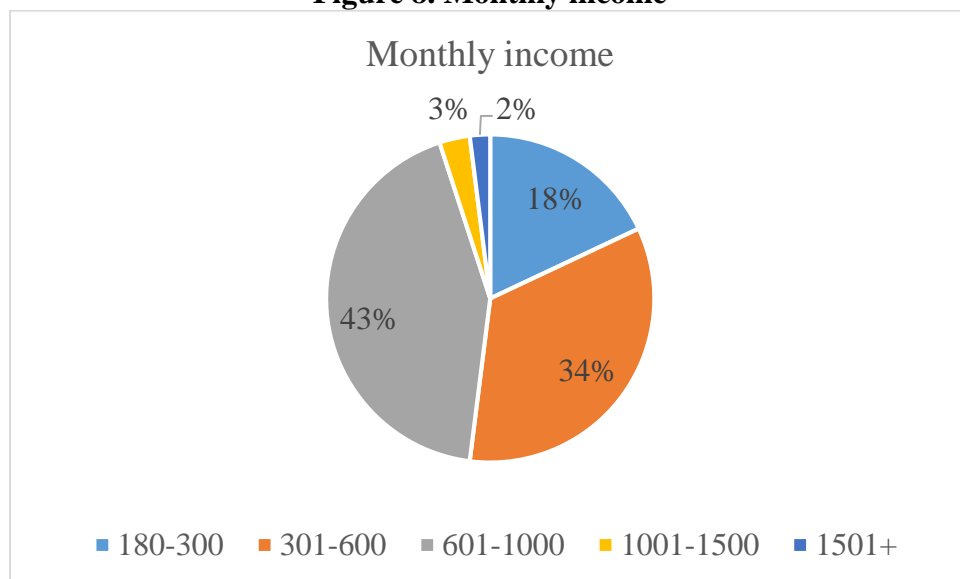
respondents work in private sector which are 35 % of total participants. Students are the second largest group who answers questions of survey with 28 %. Employees of public sector as well as has huge portion in Figure 7. (26 %). Who is engage with business as well as responds questions of survey who covers 6 % of participants. The occupation has a huge effect on purchasing decision of customers. It is clear that, occupation are related with income and if a person works in a high position, logically he or she will tend to purchase premium products.

Figure 7. Occupation of the respondents



Source: Compiled by author according to survey results

Figure 8. Monthly income

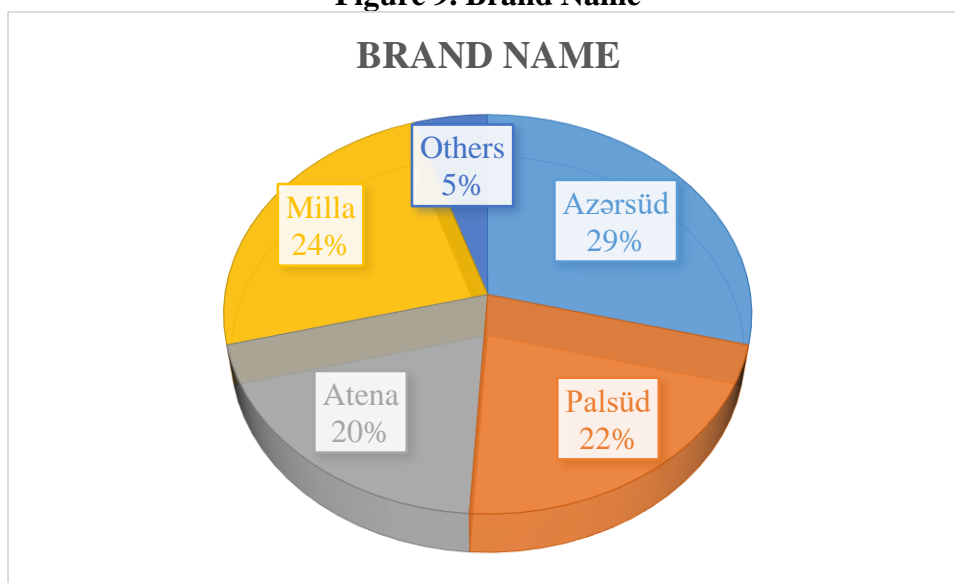


Source: Compiled by author according to survey results

The last question about personal information of participants is related to monthly household income. Responds show that the most participants of survey gain income in 601-1000 AZN range (43%). 34 % of respondents choose “301-600 AZN income” option that they earn. The highest income which is shown in pie chart as 1501+ is earned by 2 % of people of respondents. This information demonstrates that target market of companies can be middle class group of people.

The next part of questions is related to brand and brand equity in milk and milk products industry.

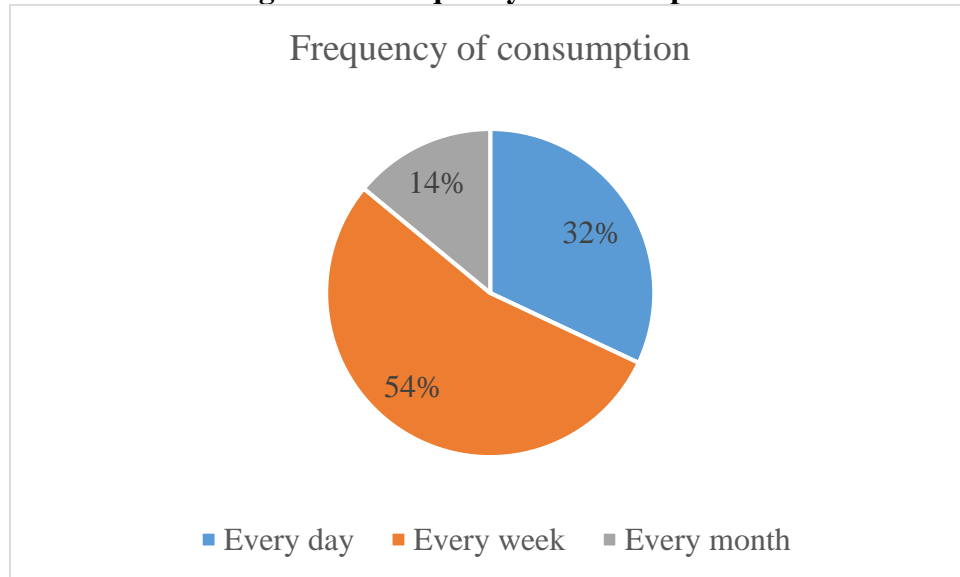
Figure 9. Brand Name



Source: Compiled by author according to survey results

“Which milk and milk products do you use?” question was asked to respondents. “Azərsüd”, “Palsüd”, “Milla”, “Atena” and others were given to participants as options. “Azərsüd” and “Milla” are the most utilized milk brands according to the survey with 29 % and 24 % accordingly. 22 % of respondents chose “Palsüd” brand. 20 % of respondents of the survey use “Atena” brand.

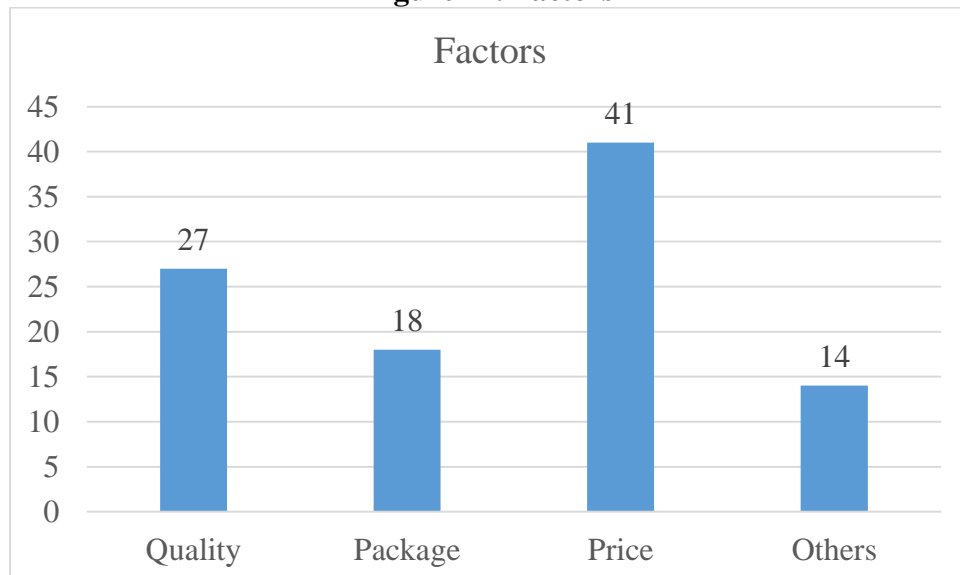
Figure 10. Frequency of consumption.



Source: Compiled by author according to survey results

How often do respondents of the survey buy milk and milk products question shows specifically need recognition. According to answers, 54 % of respondents answer that they purchase milk and milk products weekly. 32 % of people buy these products every days. It shows that most of the respondents uses milk frequently

Figure 11. Factors

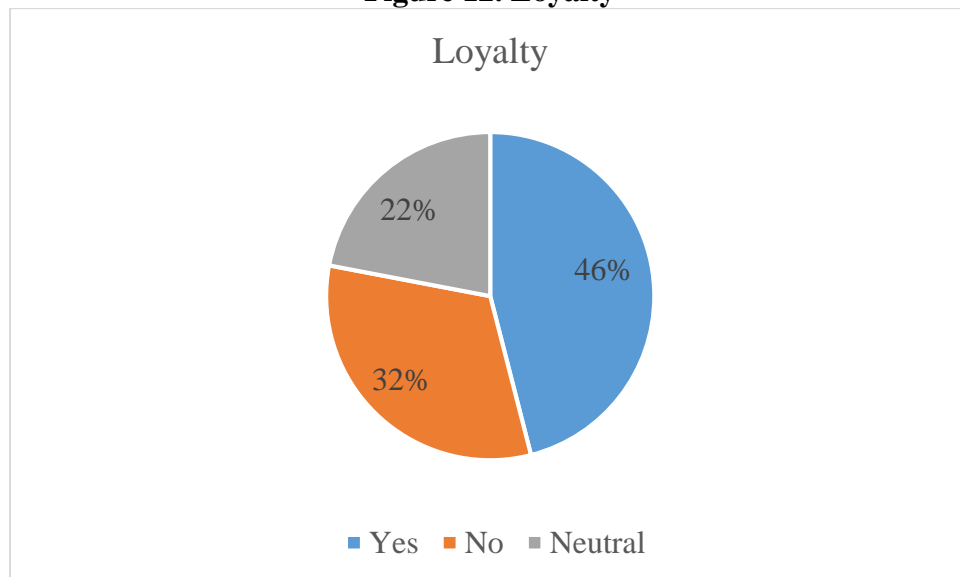


Source: Compiled by author according to survey results

Which factors influence you to buy milk products?

According to the statistic result of this question, the most respondents prefer milk and milk products which is cheap than others (41 %). 27 % of people purchase milk products according its quality. Influence of package and other factor is 18 % and 14 % accordingly. Who chose “others” option, they may influenced by milk fat percentages, ingredients of milk or types of milk (pasteurized milk or long life milk). It seen that most of the respondents buy milk products which are cheap than others. As mentioned before, it is clear that from answers of this question, there are huge impact of economic factors such as personal and family income in individuals’ purchasing decisions.

Figure 12. Loyalty



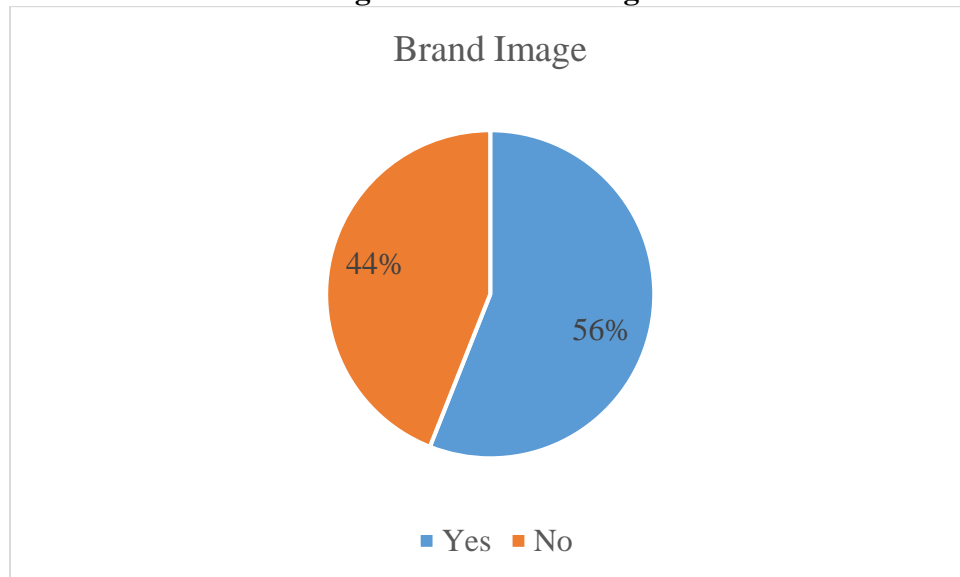
Source: Compiled by author according to survey results

The previous question measure the loyalty of consumers to brand. “Are you recommend milk brand which you used to other people?” question was responded by survey respondents.

3 options were suggested to respondents as “Yes”, “No”, “Neutral”. 46 % people answered that they recommend the brand which they purchase. 32 % of respondents think opposite of this. 22 % of people answered neutral option. The answers of this question shows that, almost the half of the respondents recommend milk brand that they consumed to others. It is the result of trust which companies gained. The high trust from consumers are the indicators of brand loyalty. If brand

loyalty is high, consumers willing to recommend brand to others or repurchase brand constantly.

Figure 13. Brand Image

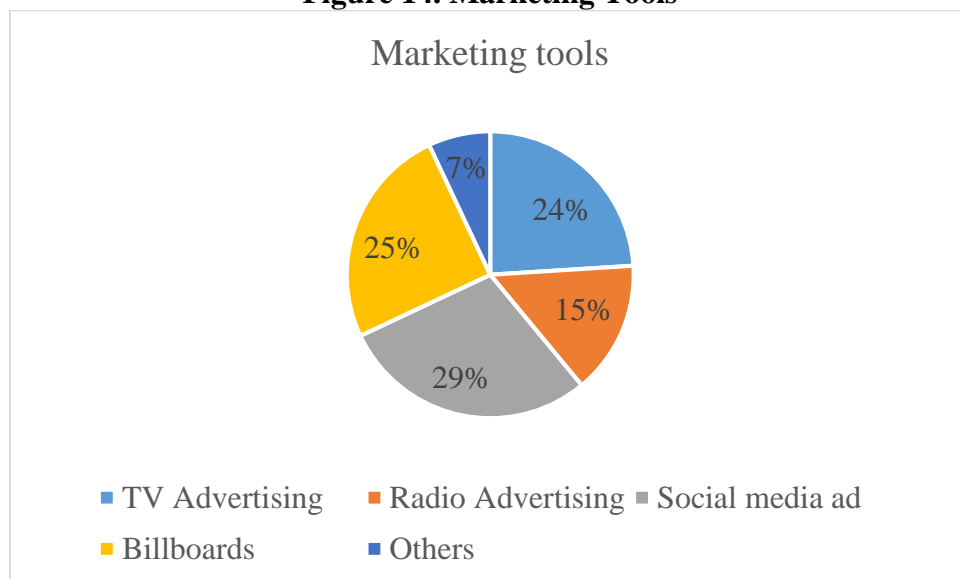


Source: Compiled by author according to survey results

Does the brand image influence to purchase any milk products?

“Yes” and “No” choices were given to respondents for this question. 56 % of people answered that brand image has an influence in purchasing decision. 44% of respondents thinks an opposite of this approach. The reason of influence of brand image to purchasing decision can be high quality, trust to the brand and etc.

Figure 14. Marketing Tools



Source: Compiled by author according to survey results

Which marketing tool allure you to buy milk products? It shows increasing role of the social media again. Because 29 % of respondents think that social media ads are the most attractive tool for customers. Billboards and TV advertisings has a huge impact on consumers buying decision according to answers of 49 % of respondents of this survey.

Results- The questionnaire was organized and 10 personal and brand equity related questions were given to 100 respondents for finding answers to research questions. One of the given question showed that how brand image are important for consumers which are shown figure 13. It is related to brand associations which are explained with theoretical basis in first part of investigation.

In figure 11 the importance of price factor are shown which was 41% of people answered this options. It is related to economic and social factors that was given above which called monthly income of individuals. According to aforementioned information survey respondents were middle class group people. Therefore, companies should take into consideration the price factor for each product. Figure 12 is another question that shows brand equity effect on consumers buying behavior. Because, 46 % people think that they are loyal to the brand which they purchase.

Figure 14 demonstrates increasing role of the social media due to 29 % of people answer. It support companies to create brand awareness to consumers through social media.

3.3. Development prospects of brand equity and its effect on consumers buying behavior in milk and milk products industry in Azerbaijan

The concept of brand equity includes the spiritual value of a branded product, which is independent from the factors such as the price or physical properties that arise from the product itself. If the brand equity of a product or service cannot be mentioned, it is only an ordinary commodity in the market. (Dilsiz, 2008: 41).

Brand equity can reduce the risk of consumers at the time of purchase. The risk factor emerges with consumers' decision to purchase a product, one of the ways to reduce this risk is the consumer's intuitive trust to the brand name. In order to increase the perception of quality in the consumer's mind, brands try to create brand equity with high advertising expenditures. Consumers pay attention to the phenomenon of quality in order to reduce the risks that they face and to protect themselves against potential losses that they may encounter. In this context, brand equity is important for consumers' positive perception about the product. (Del Vecchio, 2001: 240).

In order to analyze dairy market of Azerbaijan with more detailed and to know development prospects of this sector, we can look at SWOT analyzes of this field.

Strength:

- Production potential
- We have the appropriate ecology for forage crops
- In addition to cow's milk, we produce sheep and goat milk, which is an important advantage for cheese production.

Weaknesses:

- Small-scale enterprises
- Our milk processing industry is insufficient and the amount of unregistered milk processing is quite high.
- Marketing activities cannot be carried out effectively

Opportunities

- An attractive sector for domestic and foreign investors
- A sector in which our product range is more than other sectors
- Opinions about development of demand of milk and milk products

Threats

- Reliability of milk that are produced by small-scale enterprises

- Our competitiveness is low due to insufficient support and high input costs.

In Azerbaijan, four basic development strategies can be determined in the stages of production, processing, marketing and consumption as a result of the knowing of the strengths and weaknesses of the dairy sector (internal factors) and the good evaluation of opportunities and threats (external factors).

The first strategic objective can be defined “Production of high quality milk” which is aimed to produce milk according to the required health standards in the milk production enterprises. In order to achieve this strategic goal, first of all, it is necessary for the producer unions to provide technical services such as contract with veterinary, and keeping records of pedigree records. In addition, the government can provide with trainings on milk production topics in accordance with health standards.

The second strategic objective is processing and evaluation. It should be ensured that healthy dairy and dairy products are produced in all small and big dairy processing plants. One of the activity in this step is to increase the product variety by producing our local products.

The third strategic goal is marketing. The aim is to establish an effective marketing organization. The establishment of milk collecting cooperatives should be encouraged for effective marketing organization. In addition, cooperatives should play a role in marketing and sales of raw milk. Another activity that may increase the success in marketing is the production and distribution of Pasteurized Milk. Because daily milk is more appropriate to the taste of the milk consumers.

Finally, the fourth strategic goal is to increase the consumption of milk and dairy products. In order to achieve this objective, many promotion activities can be done.

In order to reduce losses expanding the network of milk collection stations, stimulating the establishment of large dairy farms, implementation of milk analyzes in line with EU standards, implementation of guaranteed prices for dairy producers, dry milk purchase from local dairy processing enterprises and

development of milk market intervention mechanisms, restrictions on the sale of dairy products in the open markets that do not have a certificate and quality standards, and ensuring that all existing processing facilities are transitioned to ISO standards are the main developments prospects for Azerbaijan milk industry.

The main problems are that high prices raising increases the cost of milk and, on the other hand, the low prices of milk decreases profitability of milk. As a result, the interest in milk production diminishes, and the processing industry is also suffering from it. Milk producers offered state-guaranteed prices for the milk price, tax incentives, including exemption from VAT which was applied to agricultural sector should be applied to dairy producers, giving state subsidies, and create feed bases.

CONCLUSION

Nowadays, consumers are in a structure that controls the producers and the market, and which product, where, when and what they will take. In the past, while businesses can be sure that every product and service they produce will be in demand, they feel the need to direct their activities in line with the needs and desires of consumers in this age. At this point, it is important to examine consumer behavior, to satisfy the needs and desires of individuals, how and how they choose the products or services, how they buy, and what they pay attention to when using. This is because the enterprises that catch the behavior changes of consumers in strong competitive environments and provide services according to these changes remain standing.

When consumer behavior is analyzed, it is seen that brands play an important role on consumer preferences. Branded products play a key role in communicating with consumers. Consumers enjoy using branded products to find a suitable and different product among many products and feel more secure with the branded product choice they make. After a while, the brand selection becomes a self-promotion expression. By using branded products, it expresses its own personality and style, and has the chance to communicate more easily with other people like him.

The most important point for consumers in recent years is not identifying a brand but determining what this brand can do than other brands. The brand has become not only a representative of a product for the consumer, but also the total benefits offered to the consumer. The brand creates a value for the consumer, creates emotional ties with the consumer and becomes indispensable. The increase of brands can be achieved by establishing brand equity. Because what brand means to consumers, it becomes valuable at that point.

Brands that are well managed in the market, can increase brand equity and add value to their customers will be successful.

This research especially concentrate on knowing the connection between brand equity and the milk and milk products. Shortly, this research can be generalized as follows: firstly topic related theories were explained at the beginning. The next step showed especially statistical data of world and Azerbaijan milk industry. Previous section of the study demonstrated methodology, sampling methods for achieving research objectives.

The survey organized and 10 question was asked to 100 respondents. 4 questions was related to demographics, the others are about brand equity and its effect on consumers buying behavior in milk and milk products industry in Azerbaijan.

According to the results of field research, it is seen that the collective effect of brand equity elements on consumers buying behavior is huge. Each component has certain benefit to brand equity in investigated field.

The correct identification of the target audience, the messages to be prepared to target audience, company strategies and brand image to prepare the appropriate communication paths and using these messages will contribute to the brand equity. It would also be appropriate to implement a program to generate the same impression across all communication channels when transmitting these messages.

According to the result of investigation, milk industry participants firstly, should increase quality of milk. Because, it seen from the survey, consumers take into consideration the quality of milk brands in the purchasing process.

Price factor is another essential argument for clients in decision-making process that has been clear from survey results. It is related economic and social factors which have important role in these processes.

Companies as well as should be innovative and creative in the marketing programs. They also should give attention to packing of products. Today's business world, people have little time to analyze and purchase products among alternatives. Therefore, enterprises should attract customers' attention with packaging styles.

Enterprises should create trust in customers' minds through various marketing tools. The result of the survey determined that, the social media advertisings are the most effective way for influencing consumers and create trust to the brand. If consumers, recommend the products of the brand to other people, it means, companies achieve to gain trust from costumers.

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