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HOW TO CREATE POWERFUL BRANDS – AN INVESTIGATION

Marija Nedeljković-Pravdić

Business High School – Čačak
Pivarski prolaz 85, 32000 Čačak, Serbia

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Abstract

Brands are used by people to establish their status and therefore brand management decisions have to be made in the context of market segments, positioning and the competitive environment. An organisation that uses branding effectively is in a powerful position to create consumer loyalty, whether to an individual product or to a range. All of this helps to make a branding very active and strategically important area in marketing. The concerns of this inscription are mostly qualitative in nature. In this paper, bearing in mind recent developments in this field, the benefits of branding, the branding contribution to building business success and branding dimensions models, are discussed.

*Keywords:*brand, essence, equity, brand positioning, strategy

1. INTRODUCTION

"A product is something that is made in a factory; a brand is something that is bought by the customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless"

- *Stephen King* -

Brands have developed over the years in a number of significant ways. First, legal systems have recognised the value of brands to both consumers and producers. Most countries in the world now recognise that intellectual property- trademarks, patents, designs and copyright- is property in a very real sense and therefore confers rights on the owner of such property. Second, the concept of branded goods has been extended successfully to embrace services and other less tangible offering. Thus, the providers of financial, retail or other distinguished from

* *Corresponding author: marija.teacher@yahoo.com*

those competitors. Third, and perhaps most importantly, the ways in which branded products or services are distinguished from one another have increasingly come to embrace non-tangible factors, as well as such real factors as size, shape, make up and price. Finally, as a result of all this development, it has been acknowledged by financial and marketing communities alike that brands do not merely have consumer 'values', but also financial value, and that this value can be measured (Hart & Murphy, 1998).

1.1. What is branding ?

Branding is an important element of tangible products and, particularly in consumer markets, is a means of linking items within a product line or emphasising the individuality of products items. It must be never forgotten, however that a "good" product and service is needed to enable effective communication to build the brand (Brassington & Pettitt, 2003).

According to the American Marketing Association (AMA), a brand is a "name, term, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors." Technically speaking, then, whenever a marketer creates a new logo, name, or symbol for new products, he or she has created a brand. These different components of a brand that identify and differentiate it can be called brand elements. Brand elements come in many different forms. For example, consider the variety of brand name strategies that exist. In some cases, the company name essentially used for all products (e.g., as with General Electric, and Hewlett-Packard). In some cases, manufacturers assign individual brand names to new products that are unrelated to the company name (e.g., as with Procter and Gamble and their Tide, Pampers, and Pantene products brands). Retailers create their own brands based on their store name or some other means (Keller, 2003).

Brands are used by people to establish their status far more than religion or political party. We are often judged by the brands we select, the football teams we support, the television programs we watch, the clothes we buy, the car mark we drive, where we eat and even what we eat. All of these are cues that others use to classify an individual. It is therefore, perhaps of no great surprise that brands are often not about physical attributes but a set of values, a philosophy that can be matched with the consumer's own values and philosophy. Orange represents a future, Nike is about achievements (just do it) and Avantis about life (Bunting, 2001).

1.1.1. Brands and customers

Perhaps the most distinctive skill of professional marketers is their ability to create, maintain, protect and enhance brands of its products and services. Consumer view a brand as an important part of a product, and branding can add value to a product. Branding has become so strong that today hardly anything goes unbranded. Branding helps buyers in many ways. Brand names help consumers identify products that might benefit them. Brands also tell the buyer something about product quality. Buyers who always buy the same brand know that they will get the same features, benefits and quality each time they buy. (Kotler & Armstrong, 1999).

When customers make their purchasing decisions they are, consciously or unconsciously, weighing up the product and its price and how they "feel" about the company which supplies it. In markets where suppliers or products are essentially similar, the brand represents an intangible and often emotional element of the purchasing decision. In these markets, the emotional element of the purchase may be the deciding factor. Through your brands you can build a closer and more loyal relationship with your customers. For these reasons, brands can become a valuable asset to the business- so much, that leading companies are beginning to show the value of brands on the balance sheet. Branding can therefore be a great benefit to all sizes of company.

A brand should make a statement about the quality of product, that is, what customers can expect in terms of reliability and style, and how it differs from other firm's products. In being different, you must ensure that the values you wish to attach to your brand are also important to the customer, and that they will identify it as 'their kind of company/product'. In this way you can also point your company or product brand at a particular group of customers that you wish to target, and who place a high value on particular aspects such as quality, reliability, customer service, innovation, or price.

Branding adds value to your company or product in the customer's mind through the combination of a name, image, colours, logo, and packaging and must be consistent and constantly reinforced whenever you communicate with customers.

Although branding has traditionally been most used in consumer markets, where there are often many similar suppliers, it can also be useful in business-to-business markets, particularly where customers are also faced with the variety of similar offerings. Recent research has also indicated that consumers and businesses are more likely to buy from established brands on the internet because of the level of trust that already exists through the brand.

1.2. The benefits of branding

1. Memorability: A brand serves as a convenient container for a reputation and good will. It is hard for customers to go back to "that what's its name store" or to refer business to "the plumber from the Yellow Pages". In addition to an effective company name, it helps when people have material reminders reinforcing the identity of companies they will want to do repeat business with: refrigerator magnets, tote bags, date books, coasters, key rings, first aid kits, etc. Memorability can come from using and sticking with an unusual colour combination (FedEx's purple and orange), distinctive behaviour (the gas station whose attendants literally run to clean your windshield, the cleaning service that leaves a vase of yellow flowers in each house they clean). Develop your own identifiers and nail them to your company name in the minds of your public.

2. Loyalty: When people have a positive experience with a memorable brand, they're more likely to buy that product or service again than competing brands. People who closely bond with a brand identity are not more likely to repurchase what they bought, but also to buy related items of the same brand, to recommend the brand to others and to resist the lure of the competitor's price cut. The brand identity helps to create and to anchor such loyalty.

3. Familiarity: Branding has a big effect on non-customers too.

Psychologists' discovery that familiarity induces linking means that people who have never done business with you but have encountered your company identity sufficient times often become willing to recommend you even when they have no personal knowledge of your products or services. Seeing your ads on local buses, having your pen on their desk, reading about you in the Hometown News, they spread a word for you when a friend or colleague asks if they know a ____ and that's what you do.

4. Premium image, premium price: Branding can lift what you sell out of the real of the commodity, so that instead of dealing with price-shoppers you have buyers eager to pay more for your goods than for those of competitors. To understand how powerful branding can be, think of some peoples willingness to buy the currently "in" brand of bottled water, versus toting along an unlabeled bottle of the same stuff filled from the office water cooler.

This applies in the realm of services too: lawyers who achieve a high profile from having won well-publicized cases or from serving as a "talking head" on television can charge more than equally qualified colleagues. Branding promises that the buyer has a bigger, more significant experience with your product or service. The distinctive value inherent in a brand can even have so much allure that it leads people to dismiss evidence they would normally use to make buying decisions.

5. Extensions: With a well –established brand, you can spread the respect you've earned to a related new product, service or location and more easily win the acceptance of the newcomer. For instance, when a winery with a good reputation starts up regional winery tours, and then adds foreign ones, each business introduction benefits from the positive perceptions already in place.

6. Greater company equity: Making your company into a brand usually means that you can get more money for the company when you decide to sell it. A Coca-Cola executive said if all the company's facilities and inventory vanished all around the world, he could walk into any bank and take out a loan based only on the right to the name and the Coca-Cola formula.

7. Lower marketing expenses: Although you must invest money to create a brand, once it is created you can maintain it without having to tell the whole story about the brand every time you market it. For instance, a jingle people in your area have heard a zillion times continues to promote the company when it's played without any words.

8. For consumers, less risk: When someone feels under pressure to make wise decisions, he or she tends to choose the brand-name supplier over the no-name one. As the saying goes, "You'll be never fired of buying IBM." For you this means that by building a brand name, you will fatten your bottom line.

1.3. Why brand ?

Experience and operating performance to date have demonstrated that a well defined branding strategy yields:

<u>Improved Financial and Economic Performance</u>

- Branding increases sales volume, unit profit and improves asset productivity over non-branded units.
- Offers national advertising/marketing program.

<u>Improved Customer Satisfaction</u>

- Meet existing customer needs not yet

realized,

• Branding strategies increase sales by sustaining higher satisfaction levels of Quality, Service and Value.

Improved Base Management Relations

• Branding renovations help to improve facility design and visual/aesthetic appeal to base population.

• Branded concepts compliment existing base facilities which heighten industry awareness and desire for brands, improving overall customer satisfaction!

Consumers Trust Brands

• Brands are familiar and reliable.

• Brands convey higher quality and consistency.

• Brands make the decision to "purchase" much easier.

• Brands foster loyalty and repeat business.

Brands Deliver Higher Perceived Value …And The Survey Says!!!

• 86% believe branded foods represent consistency!

• 83% associate quality with brands!

• 72% believe food service brands are a good value!

• 42% are willing to pay more for branded foods!

2. EXPERIMENTAL

2.1 Case study - Production of Mineral Waters in Serbia

Serbia is a member of the European Federation of Bottled Waters (EFBW) within which information from the field of production, technology, marketing and legal regulations from the field of mineral waters in Europe has been gathered and exchanged. We can say that production of Natural Mineral Waters in Serbia (in Million Litres) is as follows according to various sources:

Table.1. Production of Natural Mineral Water in Serbia

Year	Production (in Million Litres)
2000	330
2001	333
2002	415
2003	490
2004	478
2005	539

2.1.1 Arteska International Company

When it comes to collecting primary information, Arteska International Company ("Voda-Voda") can really compete with the world's leading producers when it comes to quality, design and marketing campaigns. Its products have conquered the market in a very short time, thus becoming recognizable in the consumers' minds. With their high quality and original design, they have set high standards for all the products that are still to appear on the market. The company has obviously decided to take a proactive approach and to offer top quality products in every field of their business.

This premium natural spring mineral water originates from the pure surroundings of Vrujci Spa located at the base of mount Suvobor in the heart of Serbia. This is one of the most unspoiled environments in Europe and is well known for its therapeutic spa. The Vrujci Spa spring which was discovered at the end of the 18th century and it offers unique water. The company gives its primary attention to design and that gives them their competitive advantage in Serbian market.

They wanted to create a vessel which would become a connector between nature and the individual. At the same time, rational and pragmatic aspects of the package design were of critical importance for the *vodavoda* water. They have developed square PET bottle that can fit more bottles per given footprint than the regular common round bottle. This meant more bottles delivered to people for less energy, and for easier handling (see Figure 1).

Figure 1. Design of Vodavoda bottle

2.1.1.1. Findings

Sonja Kresojev the marketing assistant from the company tried to explain the future perspective and plans of the company. She told me that there are cases when brands can become the substitutes for the products. This company however decided to give to the brand the name of the product itself. (Voda – Voda means Water - Water)

At a depth of 273 meters, Vodavoda is naturally filtered through layers of limestone without a need of additional filtration or chemical processes. It is bottled at source and is served with immaculate purity.

Sonja Kresojev notes that Vodavoda has NACCP and NSF sertificates. Vodavoda was awarded the NSF certificate, which confirmed that *voda-voda* with its quality met all the required demands of the NSF International, in accordance with the criteria of “Food and Drug Administration” (FDA), “World Health Organisation” (WHO) and “Environment Protection Agency”.

The project needed for acquiring the certificate took four months to complete. The Voda Voda Company d.o.o. has certificates for both international standards. Then followed the revision of the complete production process by official reviewers from the NSF International. The revision was graded as “first-class conditions” and of the 100 point maximum, the Voda Voda Company got 93 points. On that occasion, the samples of the *voda-voda* water were taken to the central NSF lab in Michigan, where they were analysed. Then the official information came, that the *voda-voda* water met the strictest world criteria of the above stated institutions.

This company exports to: Hungary, Germany, France, Slovenia, Czech Republic, Montenegro, Bosnia and Herzegovina, Macedonia, Russia, Taiwan, Slovakia, Dubai, Singapore and Korea.

2.1.1.2. Conceptualization

What is important to note when it comes to this company is the fact that great importance is given to marketing, quality and design. But there are issues on the human resources side. Among employees, there are only a few with bachelor degrees. There is also a lack of training; employers and management very rarely visit world seminars and conferences. I also think that this company has a small production capacity, only 15 million litres monthly. So they should make more effort and invest heavily in human resources. The problem exists in the market itself, because Serbs are not great consumers of mineral water, so the biggest competitive advantages of this company are high quality and world design.

2.1.2. DP Palanacki Kiseljak

This company has grown on a tradition lasting for almost 280 years. Today it is one of the leading producers of mineral water and juices. It is technologically fully equipped - from its laboratory for water testing to its latest automatized line for bottling. Sparkling and non-sparkling mineral waters of *Karadjordje - Palanacki Kiseljak*, fall into the category of sodium-hidrocarbonate waters. These are rich in sodium and calcium and contain important cattions, such as selenium and magnesium.

The mineral waters of *Palanacki Kiseljak* also possess a series of elements if properly mixed, are good for the health. Due to such effects, the non-sparkling mineral water *Karadjordje* received the stamp called "Healthy Food - Green Apple" in 1995.

The production program of *Palanacki Kiseljak* expanded with the production of VIVO carbonated and non carbonated juices made from local resources. Taking into consideration the needs of its customers, *Palanacki Kiseljak* has, besides the standard 1 litre bottle for mineral water packaging, also introduced a new, more economical form of 1.5 l and 0.5 l bottle for both mineral water and juices. The export to the markets of Canada, the U.S. and Great Britain has been of great significance.

With the trust customers place in the products of *Palanacki Kiseljak*, its position on the market of mineral waters is gaining further strength and recognition from day to day. What is important to note, is the fact that this water has a very long tradition and an extremely high quality. According to legend, these springs were used as bath spas by the ancient Romans and Greeks.

2.1.2.1. Findings

In conversation with marketing assistant, Jelena Tomic, I found out that they were planning new marketing activities for next year. And I will give here concise summary of their marketing activities (See Figure 2)

Promotion Material:

- equipment for promoters (T-shirts, dresses, scarves);
- equipment for merchandisers (T-shirts, hats, tops);
- posters – announcement of promotion;
- gifts for customers (bike bottle, mugs, etc.).

BTL Activities:

They have launched on the market a new bottle “Karadorde” (2 litres, sparkling). They are also planning the organisation of promotional activities in wholesale facilities, with the emphasis on new design and price actions in order to increase sales.

Promotion mechanism:

A few days before the beginning of every new promotion, the posters will be placed in rented facilities (aim of promotion, time and

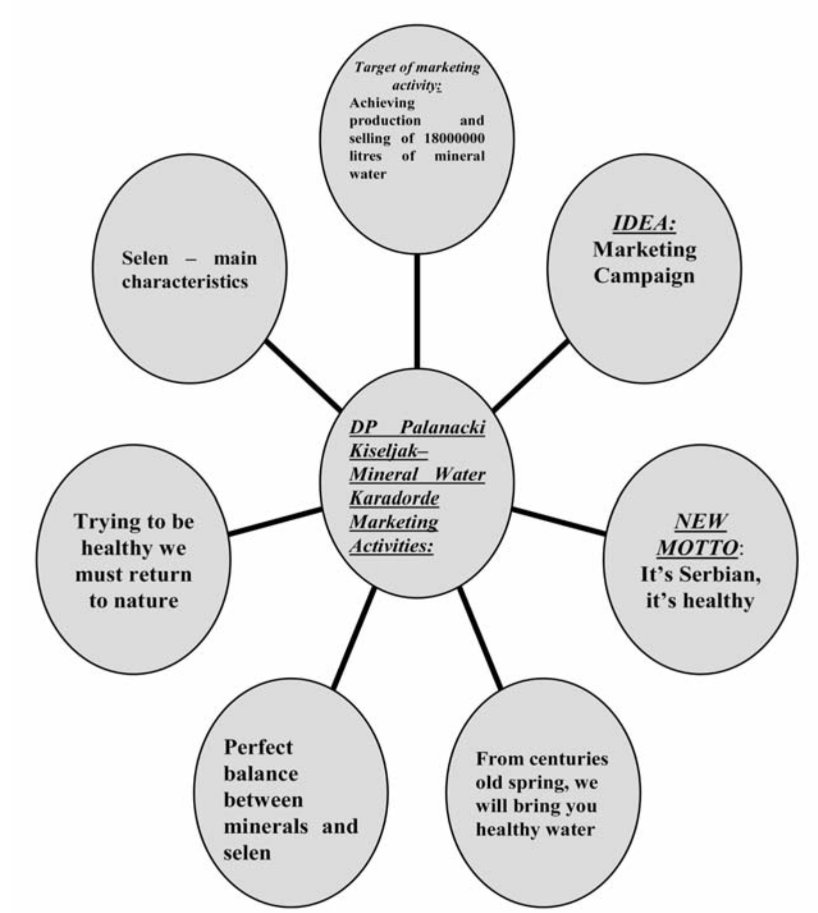

Figure 2. DP Palanacki Kiseljak– Mineral Water Karadjordje-Marketing Activities

date of promotion, additional information).

Consumption – the most effective place in the facility;

Promoters – brand uniforms (3-5 promoters);

Selling should be stimulated through gifts to customers;

Value of promotion material: 0.5-3.00 Euros. (See Figure 3- old logo and Figure 4- new logo)

Sponsorships:

In 2006, contracts have been signed with:

1. "Jasenica" – Smederevska Palanka

This sponsor

2. "Radnicki"- Kragujevac (football club)

These two sponsors will provide the company with essential media support, marketing support and promotion material.

2.1.3. Re – branding of mineral water "Karadjordje"

SWOT Analysis – Re-branding in the minds of consumers;

- Defining Target Groups;
- Primary Target Group – segment of market with direct communication
- Secondary Target Group (indirect communication);
- Re – positioning of Brand Name;

Figure 3. Old logo of Karadjordje mineral water

- Re – launching of brand name on the market in the minds of consumers;

- Achieving leading position on market ("Karadjordje" should become "national", traditional, modern, natural, mineral water well known on territory of Serbia).

2.1.3.1. SWOT analysis

Strengths
- Traditional quality
- Price
- New design
- New label

Weaknesses
- Existence of bad image
- Bad communication with consumers (advertising – ATL & BTL Campaign and PR Support)
- Small market share compared with "Knjaz Milos" and other major producers on market

Opportunities

Mineral water "Karadjordje" can gain and sustain competitive advantage through:
- Price
- Improvement of distribution

Figure 4. New logo of Karadjordje mineral water

- PR campaigns

Threats
- Competitors have better communication with consumers
- Sponsorships of well – known programs
- PR campaigns of other mineral water companies
- Activities of other mineral water companies.

2.1.4. Conceptualization

In conversation with the marketing director of "Karadjordje", it became clear that this water company has set out new target groups and new strategy for re – positioning of brand in order to gain market share and improve the acceptance of their brand name.

Defining of target groups:

- Primary target group – Men/Women from 25 to 45.

Here are targeted young, professionally oriented men and women, aged from 25 to 45 or their families. This target group should be well educated, with average salaries, constantly on the move. They can also be business people, or youngsters who like sports, so considering this health and physical appearance is very important to them. They are living in accordance with modern times, but they also respect their long Serbian tradition. In that sense, the name “Karadorde” (Serbian leader - 1804), like brand name has deeper meaning and significance and may play crucial role in deciding what brand name of water to purchase.

- Secondary target group – Men/Women from 35 to 49.

They are urban, semi-urban, with medium and lower economic status, and eventually their children like prospective consumers.

Strategy for re-positing of brand name

- Re-design of label and logo (something new on product)

- New position compared with competitors

Through price – possibilities for extra market share

Target groups for communication

Channels of distribution

- New image position motto

Re-launching of brands in mind of customers

ATL Activities – National Image Campaign.

3. RESULTS

When we analyse these two case examples, we can see that both companies have followed the basic principles of branding and are, at least at the moment, reaping the financial rewards. Both companies have developed highly distinctive products: Arteska with its specific voda-voda square bottle design supported by a powerful marketing strategy; Palanacki Kiseljak with its long tradition and its association with providing strong health benefits.

Both companies have a quality product to promote and sell; another basic principle behind successful branding. Arteska’s water originates from the pure surroundings of Vrujci Spa located at the base of mount Suvobor, one of the most unspoiled environments in Europe, well known for its therapeutic spa; Palanacki Kiseljak’s water is rich in sodium and calcium and contain important cattions, such as selenium and magnesium. It possesses a series of elements if properly mixed, are good for the health.

These characteristics of the companies allow effective marketing campaigns to be developed. The pre-requisites of successful branding are present, the foundations laid. And as we can see both companies have developed or are in the process of developing based around their distinctive brands.

The Palanacki Company is planning a new campaign backed up my significant marketing activities involving the production of t-shirts, dresses, scarves, hats etc. There is no doubt that the arrival of Arteska’s Voda Voda bottle took the mineral water market in Serbia by storm.

Such a distinctive brand made marketing that much easier. Both companies have managed to benefit from their branding strategies. As can be seen sponsorships and contracts have followed. The challenge for the future is to maintain the momentum and keep building on the brand – something that is not always easy in a highly competitive market!

4. DISCUSSION

4.1. Brand identity and image

Identity and image are two main concepts of branding. They refer to the brand from different perspectives, brand owner and customer. Kapferer (1997) provides a model that describes brand identity with a hexagonal prism. A brand identity can be described with a six-faced prism.

The facet represents components of the brand identity, which are interrelated in a structured entity.

Physique: A brand physique is both the brand's backbone and tangible added value. Traditional communication focus on the key product and attributes. The first step in developing a brand is to define its physical aspect: What is it concretely? What does it do? What does it look like?

- Personality: A brand has a personality of its own. Brand personality shows what kind of person the brand would be if it were human. When the brand is communicated it builds character. Personality has been an important factor since the 1970s. A method to quickly give the brand a personality is to give the brand a spokesperson. The spokesperson can be either real or fictional.
- Culture: A brand has its own culture. The products represent the culture of the brand and are also a means of communicating the culture. The culture of the brand is linked to the corporate culture. The cultural link between brand and firm is strongest when the brand has the same name as company. Country of origin can be either denied or emphasised. Canon and Technics are Japanese brands that deny their origin when Mitsubishi and Toyota emphasise theirs. The cultural facet is the most important facet when differentiating luxury brands.
- Relationship: Brands are often central in transactions and exchanges between people. Brands symbolises the relationship with customers. IBM symbolises orderliness and APPLE symbolises friendliness. The relationship facet is crucial for service brands, since relationships are critical for services.
- Reflection: Brands reflect the user or purchaser. The reflection is an image of the customer as he or she wishes to be seen as a result of using the brand. Reflection is many times mixed up with target. Target describes the potential customers, as they are. Reflection describes the customers as they wishes to be seen. Reflection is important since customer uses brands to build their own identity.
- Self-image: A brand speaks to the customer's self-image. Reflection is the outward mirror of the customer; self-image is the customer's own internal mirror. A customer's self-image can differ from the reflection. For example, who buys a Porsche, might do so only to prove to them that they are capable of buying such a car.

The brand identity prism forms a structured entity where all six facets are interrelated. A basic concept in the prism is that brands speak. Brand can only exit if they communicate. The physique and personality facets provide a picture of the sender, the company. In the same way reflection and self-image giving a picture of the receiver. Relationship and culture bridges the gap between sender and receiver.

The prism is also divided vertically. The left facets, physique, relationship and refection are the social facets that give the brand its outward expression. These are the visible facets. The right facets, personality, culture and self-image are incorporated in the brand itself.

4.2. What is brand essence?

Brand essence is the abstraction that audiences take away after experiencing the sum of brand impressions-from both the marketing and from personal experience with the product, transaction process and service.

Brand essence is the lasting impression-usually summed up with one simple (sometimes brutally honest) assessment-that defines the personality qualities of the product or company. Apple Computer's brand essence may be seen as "artful technology that's mostly useful". This definition focuses on the customers' view of the brand essence. Marketers trying to sum up the brand essence frequently fall victim to the temptation of defining the brand essence as what they want it to be, rather than what it actually is among the customers.

4.2.1. Customer's-eye-view

The customer's-eye-view of brand essence is the more useful version because it forces marketers to consider their influence on brand essence in the greater context of the audience's holistic experience with the company. Too many times advertisers talk about attempting to adapt a brand essence toward a high ideal, like 100 percent customer satisfaction, yet they fail to see the futility of trying to do so in the face of a poor service organization.

At National Analysts, the brand identity research specialist view brand essence- what a brand does and how it "walks, talks, and dresses"- as being derived from two dimensions: core competencies/qualities and personality/style (including a brand's heritage and values).

To explore brand essence, National Analysts conducts qualitative brand identity research (focus group and/or individual interviews) with brand users and non-users. The projective techniques (e.g., associations, personification, etc.) they use as part of our brand identity research program sharpen distinctions among brands and provide insights into the unique character of each. This initial exploratory work also provides guidance for the comparative brand image and performance survey that often follows.

4.2.2. Brand essence methodology:

Gerstman & Meyers recommends the following brand essence methodology (Hart & Murphy, 1998)

**Access the brand personality profile*. Define what the brand's character is and define the essence behind the person that the product appeals to. Gerstman & Meyers takes its cues from fashion and from environment of the consumer (that is the magazine they read, their aspirations, and so on) and construct "lifestyle exhibit board" that relate to the brand character. These boards reveal the image of the people who use this product, where they are today and where they want to be in the future. The personality profile helps determine a design direction.

**Find out if the package matches the profile by performing the "yesterday, today, tomorrow" (YTT) tes*t. Do the elements of current packaging reflect the brand personality profile? This will reveal what may have changed and what has made the current packaging inappropriate.

**Conduct retail audits*. Thoroughly assess the retail environment to determine what competitors are doing and see how your brand stacks next to the competition. Does your package look current? Is it bold enough? Elegant?

**Research*. Conduct focus group research to determine the brand's visual equities-elements that consumers relate only to your brand and that allow them to recognise your brand. Also, conduct separate interviews with retailers to find out what they think about your brand and category. If there are no apparent equities, then you may need to completely redesign or re-launch the product in order to be competitive.

**Design the unexpected*. Do not settle for obvious solutions if you want uniqueness and memo ability. The knowledge you gain from the brand personality profile and research will drive the design process. With the right package, consumers should be able to close their eyes and envisage what your brand looks like without having the package in front of them. Just the mention of the brand name should evoke the messages and feelings you are attempting to communicate through your packaging and graphics (See Figure 5)

What does the brand do and what's its special expertise?

What are its transcendent qualities?

4.3. What is brand equity?

Brands vary in the amount of power and value they have in the market place. A powerful brand has high brand equity. Aaker defines brand equity as: 'as a set of assets and liabilities linked to a brand, its name and symbol, that add value or subtract from the value provided by a product or service to a firm and/or to that firm's customers'. He goes on to say that these assets and liabilities can be grouped under five categories (Randal, 2000):

1. Brand loyalty;
2. Name awareness;
3. Perceived quality;
4. Brand associations in addition to perceived quality and
5. Other proprietary brand assets-patents, trademarks, channel relationships, etc.

Aaker's model is the same as we have with many similar marketing models. No one would disagree that the factors listed-brand loyalty and so on-are in themselves good things. The difficulty is that there is absolutely no evidence that they are related systematically to brand equity-whatever that is. High brand equity provides a company with many competitive advantages. A powerful brand enjoys a high level of consumer brand awareness and loyalty. Because consumers expect stores to carry the brand, the company has more leverage in bargaining with the resellers. Because the brand carries the high credibility, the

Figure 5. Dimensions of brand essence

company can more easily launch line and brand extensions. Above all, a powerful brand offers the company some defence against fierce price competition. Branding poses challenging decisions to the marketer (Kotler & Armstrong, 1999).

We can measure the factors listed and obtain ratings of how customers view a brand. What we do not know is what to do with them next. Are the factors weighted differently and, if so, how? Ambler and Barwise (1998), define brand equity as 'the marketing asset that exists in customers' minds and is of continuing value the brand owner because it influences future purchases by the buyer and the buyer's social network through word of mouth' (Randal, 2000).

In similar vein, Srivistava and Shocker (1991), define it as 'a set of associations and behaviours on the part of a brand's customers, channel members and Parent Corporation that permits the brand name and that gives a strong, sustainable and differential advantage'. While this rightly draws attention to the key aspects of customers, future purchasing and profits, it could equally stand as a definition of a brand, and it does not take us much further in attempting to measure brand equity.

It can be seen that some use relatively "hard" measures such as market share and relative price, while others use "softer" units such as linking or perceived quality. The test for all of them will be to show over time that they can produce valuable data that managers can use. All are subject to the criticism levelled above at Aaker's model. It can be summed up as follows:

- Brands clearly have a value, since some companies are prepared to pay large sums for the privilege of acquiring them.
- All the methods of trying to estimate the value of an individual brand are fraught with difficulties.
- The concept of brand equity is used in different ways to try to capture the idea that a brand has a value.
- However, no valid, reliable way of measuring brand equity has yet emerged; that is, no one method is guaranteed to produce a valid result for a particular case.

4.4. What is brand positioning ?

Branding, it is the "added value" or augmented elements that determine a brand's positioning in the market place. Positioning can be defined as follows:

Positioning is how a product appears in relation to other products in the market.

Brands can be positioned against competing brands on perceptual map. A perceptual map defines the market in terms of the way buyers perceive key characteristics of competing products. The basic perceptual map that buyers use maps products in terms of their price and quality, as illustrated below (See Figure 6)

Harrod's, for example, is positioned as a high quality, exclusive departmental store. In order to reinforce this positioning with its target market, Harrod's makes sure that its product ranges, its staff expertise, its displays and overall store ambience are of equally high quality (Brassington & 2003).

The brands are in terms of positioning, i.e. ensuring customers instantly associate a brand with particular functional benefits; for example, BMW as performance and Volvo as safety. In the information age people are bombarded with large amount of data and choice. To cope with this notable quantity of data, people's perceptual processes take over. In effect, these raise "barriers" protecting the mind against accepting just any type of data, and perceptual vigilance then focuses

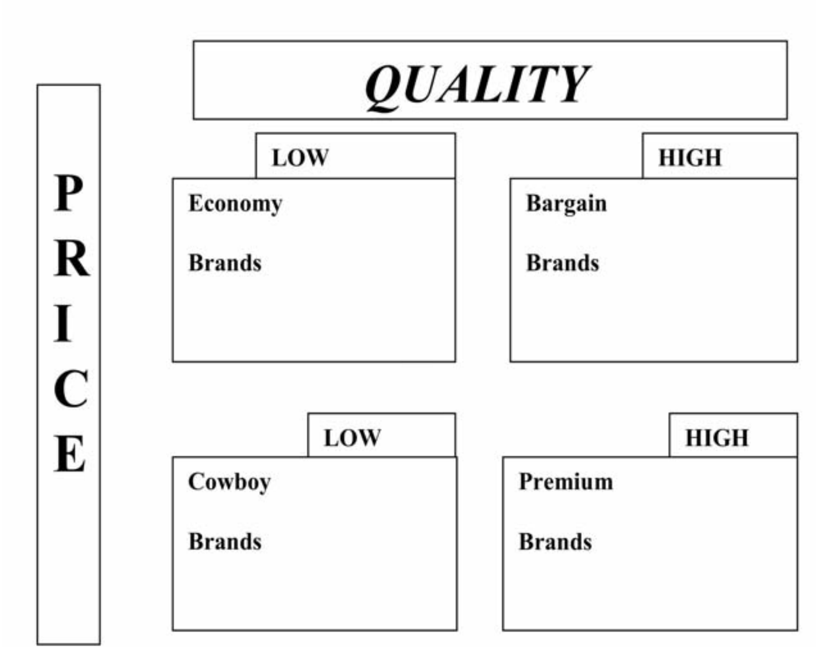

Figure 6. Brand Positioning

attention on particular data which are selectively comprehended and retained in the memory. One of the implications of the perceptual process is that customers may interpret a brand differently from that intended by the organisation. For this reason, some managers interpret a brand as a device that enables a key functional association in the customer's mind.

There are several characteristics of a powerful brand positioning strategy:

Firstly, it should be centred ideally on one functional attribute, or if necessary a couple, since the more attributes included the more difficult it is to get these registered in customers' minds.

Secondly, it should be recognised, that positioning is not what is done to a brand, but rather what results n the customer's mind. In other words, it is myopic to just focus on brand development. Rather, there should be a balanced perspective, evaluating what the customer registers about the brand, then fine tuning the brand, until there is better alignment between the intended positioning and the resultant positioning.

Thirdly, the brand positioning should focus on functional benefits valued by customers, rather than those valued by managers. It is too easy to focus on features which have more to do with reflecting the organisation's competencies, rather than taking to involve the customer in the development process (Michael J. Baker, 2003).

Modelling the opportunity for positioning. Almost every strong brand begins with a great idea and for it to succeed it needs to have great positioning. To some extend inspired intuition can help identify the positioning opportunity, but in practice it requires the perspiration of systematic research and analysis that takes into account strategic options, core competencies, current and future market trends, and customer's wants, needs and perceptions.

To identify the core idea for positioning, there are four things to focus on:

Relevance: Strong brands connect with customers. They meet functional needs and also tap into and satisfy emotional needs and desires. By understanding how existing and potential customers define ideal experiences and perceive the world with which they interact, you can determine what they are missing from existing products and services and thereby identify suitable opportunities to stake an unclaimed territory.

Differentiation: Strong brands add value, which makes them stand out from their competitors. By evaluating the current and future competitive landscape and the strengths and weaknesses of a product and service offerings we can identify leadership opportunities to change the category debate, or, indeed, to supersede existing categories.

Credibility: For customers to be loyal to a brand, the brand must be true to itself and keep the promises it makes. Analysing the organisation's aspirations in the context of its financial resources, core competencies, research and development, and values, than pairing these findings with customer insight to understand the gaps between real and perceived competencies, allows the development of a believable proposition. It also identifies areas where competencies must be improved or expanded.

Stretch: A brand's continued success lies in its ability not only to remain relevant in a changing world, but also to foster innovation and to bring new products and line extensions into its value proposition. To determine where and how the brand can be stretched requires a good understanding of current and potential customers, good judgement about future market trends, good information about all these things and, above all, inspiration.

4.5. Brand strategy

According to Kotler and Armstrong (1999), a company has four choices when it comes to brand strategy. It can introduce:

1) Line-extensions: Line extensions occur when a company introduces additional items in a given product category under the same brand name, such as new flavours, forms, colours, ingredients or package sizes.

A company might introduce line extensions as a low-cost, low risk way to introduce new products in order to meet consumers' desires for variety, to utilize excess capacity or simply to command more shelf space for resellers. However, line extensions involve some risks. An overextended brand name might lose its specific meaning (e.g., Classic or cherry coke? Diet or regular? Caffeine or caffeine-free? Bottle or can?). Another risk is that sales of extensions may come at the expense of other items in the line. A line extension works best when it takes sales away from competing brands, not when it "cannibalizes" the company's other items

2) Brand extensions: Brand extension involves the use of a successful brand name to launch new or modified products in a new category. A brand extension gives a new product instant recognition and faster acceptance. It also saves the high advertising costs, usually required to build a new brand name. At the same time, a brand extension strategy involves some risk. The extension may confuse the image of a main brand.

If a brand extension fails, it may harm the consumer attitudes toward the other products carrying the same brand name. Further, a brand name may not be appropriate to a particular new product, even if it is well made and satisfying (e.g., who wants to buy Texaco milk or Alpo chilli?). A brand name may lose its special positioning in the consumer's mind through overuse. Companies that are tempted to transfer a brand name must research how well the brand's associations fit the new product.

3) Multibrands: Companies often introduce additional brands in the same category. Multibranding offers a way to establish different features and appeal to different buying motives. It also allows a company to lock up more reseller shelf space. Or a company may want to protect its major brand by setting up a flanker or fighter brands. Finally, companies may develop separate brand names for different regions or countries, perhaps to suit different cultures or languages.

A major drawback of multibranding is that each brand might obtain only a small market share, and none may be very profitable.

4) New brands: A company may create a new brand name when it enters a new product category for which none of the company's current brand names are appropriate. Or, a company might believe that the power of its existing brand name is waning and a new brand name is needed. Finally, the company may obtain new brands in new categories through acquisitions.

As with multibranding offering too many new brands can result in a company's spreading its resources too thin

5. CONCLUSION

Branding is a vitally important way of creating differentiated tangible products. It helps the manufacturer establish loyalty through three dimensional characters imposed on a product, as well as deflecting customer attention away from the price. Branding is carried out not only by manufacturers, but also by retailers who want to create a more tangible character for themselves, as well as wanting consumers consciously to prefer to shop at their outlets. Branding issues concerning manufacturers include the choice of brand name and the choice of product range brand policy. We can see how to mineral water companies in Serbia have been successful in developing these principles, putting them into practice and reaping the rewards. Both companies' successes have been built on the foundations of distinctive, quality products, backed up by effective marketing campaigns. But the heart of the matter is the 'brand'. Without the brand, successful marketing would not be possible.

Any individual organisation is faced with a range of decisions including whether or not to have a brand, the character of its brand and the degree of independence each brand is given. Whatever the situation, however, the branding and brand management decisions have to be made in the context of the market segments, positioning and the competitive environment. Branding can be strained on resources if the brand identity is not well established or if it is under threat.

And one final thought: the brand of a company cannot stay still. In a changing world, in such a ruthless competitive environment that we live in today, no company can be seen to be permanently standing still. There has to be at least the perception of forward momentum of changing with the times, responding to changing consumers interests and needs. But this does not mean that a brand changes entirely. It means that it has to adapt with the times. The real challenge is to keep the essence of a brand, the continuity of a brand whilst, at the same time, indicating that change, improvement and reform are constantly taking place (one example would be the market for washing powders: the companies brand in terms of colours and design remains the same but there is always something added at the edges eg 'Extra white' 'Biologically Tested' etc). A company must develop a good brand, build on it and sustain it. But a company must also be seen to move forward and develop through its brand.

КАКО СТВОРИТИ МОЋНЕ БРЕНДОВЕ – ИСТРАЖИВАЊЕ

Марија Недељковић - Правдић

Висока пословна школа – Чачак
Пиварски пролаз 85, 32000 Чачак, Србија

Извод

Брендове користе људи да би установили сопствени статус и из тог разлога одлуке везане за бренд-менаџмент морају се доносити у контексту сегмената тржишта, позиционирања и конкурентног окружења. Организација која ефективно користи брендирање је у повољнијој позицији у смислу постизања лојалности купаца, како из угла индивидуалних производа, тако и из угла читаве линије. Све ово брендирање чини активним и стратешки важном облашћу маркетинга. Аспекти овог сегмента пословања су суштински квалитативне природе.

У овом раду, имајући у виду најновија достигнућа у овој области, представљени су бенефити ии доприноси брендирања са циљем постизања пословног успеха. Такође дискутоване су димензије модела брендирања.

*Кључне речи:*бренд, позиционирање, стратегија

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