

## BRAND MANAGEMENT UNDER CONTEMPORARY MARKET CIRCUMSTANCES

### UPRAVLJANJE MARKAMA U SADAŠNJIM TRŽIŠNIM OKOLNOSTIMA

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**Abstract:** Brands have different functions and can provide numerous benefits for companies and clients. From an owner's standpoint, a brand is a promise of a unique (better, different...) product or service in comparison with competitors' ones. From a customer's standpoint, a brand implies keeping a promise and in time it decreases the risk of a purchase. A brand is a guarantee that all involved sides will benefit. This is not a new or revolutionary marketing concept, as it may appear to a lot of people. It is just a new understanding of a brand's roles in business success under contemporary circumstances.

**Key words:** Brand, brand roles, brand management

**Sažetak:** Marke, i za tvrtke i za klijente, imaju brojne funkcije i mogu značiti brojne koristi. Sa stajališta vlasnika, marka je obećanje pružanja kupcu jedinstvenoga (boljega, drugačijega....) proizvoda ili usluge u usporedbi s ponudom konkurenata. Sa stajališta kupca marka podrazumijeva ispunjavanje obećanja, a tijekom vremena i smanjenje rizika. Ona je jamstvo da će sve uključene strane ostvariti korist. Marka nije novi, revolucionaran marketinški pristup kako se možda na prvi pogled mnogima čini. Novo je samo shvaćanje uloge marke za postizanje uspjeha u današnjim okolnostima.

**Ključne riječi:** Marke, uloga maraka, upravljanje markama



## 1. Introduction

Building and managing brands have become important business issues and an increasing number of Croatian companies have become aware of the importance which brands play in their market success. A brand is a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services or one seller or group of sellers and to differentiate them from those of competition.” (Keller, 2003) Although this definition, devised by the American Marketing Association, is well known and widely accepted, it is more focused on the tangible characteristics of a brand rather than on the intangible features of the modern concept of a brand and its management. Jones & Slater (2003) point out that a brand is a product which offers functional benefits as well as additional value which customers independently assess and decide whether they are willing and/or able to pay for. A straightforward yet original approach in defining a brand is offered by Ellwood (2002), who looks at the brand as a phenomenon consisting of two parts – communication by the brand (i.e. a connection and mode of communication between the producer and consumer) and materialization of the value due to the brand. Ellwood states that the sum of all characteristics of a particular product/service and the “aura” make up communication by the brand, while the sum of characteristics of the product/service and its differential value make up the value of the brand. Here, differential value represents rational and emotional added value which employees and clients can feel because of a brand. This brings about a higher price of the product/service than the one which could be assigned to a “plain”, generic product. It is within this framework that one should look for a true definition of a brand and show that a brand is indeed an attempt (or even an agreement of its own kind) to build and sustain a long-term relationship between the company and its clients. It is expected that clients, company and the greater community will all benefit from this relationship.

As various definitions show, a brand can be created for any kind of a product because the subject of marketing are not only physical products, but also services, ideas and all entities for which there is demand and supply. Accordingly, Crainer & Dearlove (2003) list the following types of brands:

- product brand (tangible characteristics dominate);
- service brand (intangible characteristics dominate);
- brand of a person (real or imaginary person as a brand);
- brand of a company/organization (corporate brands, brands of charities, non-governmental or political organizations);
- brand of an event (brands of sports, cultural or other special events);
- brand of a geographic region (brands of countries, regions, counties or tourist destinations)

## 2. Building and Managing a Brand

A strong brand can be created only through a serious marketing approach which requires a defined marketing strategy. If such an effort is continuously made for a long time, if brands manage to elicit desirable emotions in consumers and if their possession is desired by clients, then we could say the brand is strong. Although there are various ways in which a brand could be built, one thing should always be kept in mind – when assessing a brand customers always look for functional, emotional and symbolic benefits which altogether make the brand strong. A functional benefit might be compared, to a certain degree, to the association of quality which customers expect. In other words, a watch which does not show the right time lacks the basic functional benefit. The emotional component, on the other hand, could be illustrated by the loyalty which Croatian customers showed for domestic brands after global competitors had entered Croatian market. Although many had expected Croatian brands to lose the battle to strong international brands, such as Milka, Lindt or Nescaffe, consumers remained loyal to Croatian brands which elicited positive emotions in them (i.e. only brands whose products met the expected quality standards). Finally, the symbolic value of a brand is reflected in the desire of a brand's owner and/or user to project his/her own personality, system of values and lifestyle to his/her community through the ownership and/or usage of a particular brand. In time, the brand may become so strong that customers begin to regard it as a "catalyst" of their social interaction – they join other brand users in exclusive, brand-centered groups where they share the same interests and values, project the same lifestyle, fashion etc.

Brands should be built in a meaningful way because a brand is not a mere sticker put on a product or just a name which is given to a particular service. The basic guidelines for building and managing a brand require, first of all, a careful analysis of current market conditions as well as the right selection of a target group of clients for whom the brand is intended. There is no single brand which is best suited for the entire market or for all people on that market. If a brand attempts to please everyone, it is very likely that no one will be pleased. After a careful consideration of the current market situation and the right selection of target customers, a decision must be made regarding the basic truth and core of the brand which is subsequently translated into a promise that the brand must keep. In managing a brand it is important that the brand retains the steadfast meaning embedded in its core and message throughout time, with the message being flexible enough to allow for necessary adjustments due to the ever-changing circumstances. Although it would be unreasonable to expect the brand to remain unchanged for the period of 50 or 100 years, it should always remain true to its core meaning, i.e. the basic truth which it carries through the time.

### 3. Role of a Brand for Company

There are many reasons why companies place their brands in the very center of business doing and increasingly allocate more resources and exert more efforts to building strong brands. According to K. L. Keller (2003), the roles of a brand for the company are as follows:

- Means for product identification as it facilitates handling and tracing products in the business process;
- Means of legal protection;
- Indicator of product quality for customers;
- Means of endowing a product with unique associations;
- Source of competitive advantages;
- Source of revenue.

A brand represents a system of elements and activities (and therefore, values) which influence a client's choice of products. What is important regarding this fact is that clients for whom the brand is intended (target segment) are willing to pay a higher price for a product with the brand than for its non-branded counterpart. Alternatively, clients can purchase branded products more frequently than non-branded ones which, again, results in a differential advantage and becomes a source of financial income for the company. Brand management is, therefore, a challenge for every firm because dealing with generic products (or unlabeled products which satisfy only the basic needs) eventually leads to the erosion of profit. Brand management has the potential to steer the business in another direction – towards higher profit or some other marketing goal.

### 4. Role of a Brand for Clients

Even though a product or service is an intrinsic part of every brand, a brand stands for something much greater. Brand management is, therefore, a much more complex task than management of individual products or services. A brand has the following roles for clients:

- - Identification of product's origin;
- - Identification of the responsibility of product's manufacturer;
- - Reduction of risk;
- - Reduction of cost in searching for a product;
- - Promise, guarantee or agreement with a product's manufacturer;
- - Symbolic meaning;
- - Sign of quality.

Clients maintain an active relationship with a brand because it helps them decide which products to buy. A brand stands for safety, which becomes added value in the process of making purchase decisions, i.e. in evaluating multiple products or services on the market which satisfy the same need or want. The basic characteristic of a brand is that it guarantees a uniform quality which is recognizable on the market,

although it can represent other attributes or benefits (e.g. low price, product origin, fast service etc.) which clients also regard as important. This is not in disagreement with the quality concept as quality is just one of the attributes which clients hold in high regard and which bring about their satisfaction.

## 5. Conclusion

Branding is not a new phenomenon – it has been present in various forms throughout history. Its original purpose was identification of a product's ownership and facilitation of its recognition by customers. Today, brands have acquired a much greater meaning and, in addition to their functional role, they also have added value which their clients recognize. This added value has roots in a customer's experience with a brand, the profile of people who use or come in contact with a brand, a belief that a brand is effective as well as in the overall attitude toward brand's identity elements. A brand is an attempt (or rather an agreement) to establish and maintain a long-term relationship between the company, clients and general public in which all parties benefit. It represents a unique and recognizable combination of functional and psychological benefits (i.e. functional and emotional values) for clients, so we can speak about brands of products, product series, people, companies, organizations, events, countries or geographic regions.

As desirable as evoking emotions in clients and establishing an emotional relationship with them may be, it should always be kept in mind that this bond is also founded on clients' rational judgment of the cumulative worth of a brand. In the context of brand equity management, local brands should be managed in such a way as to position their points of parity with global brands in the functional domain of the brand, while points of difference should belong to their emotional and symbolic domains. It is understood that the future success of a brand cannot be built exclusively on its emotional bond with clients. Investments should be made into further development and modernization of this relationship in order to win over and keep younger clients who do not yet have strong emotional bonds with local brands. In spite of the fact that the ways of expressing and evoking emotions in clients are changing, it is imperative for local brands that their relationships with clients be based on emotions as well as e-motions.

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