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SYSTEMATIC BRAND MANAGEMENT MODEL FOR VALUE ORIENTED BRAND MANAGEMENT

Abstract: *Successful companies are able to build up strong brands and differentiate themselves sustainable from the competition through a stringent brand management. The problem posed for the establishment and the management of brands lies in developing a holistic viewing perspective which controls the value contribution of all company divisions to create the most coherent and differentiated image of a brand A further decisive demand on brand management consists of finding models for establishing and managing the brand, as well as implementing differentiation strategies in practice and controlling these actions.*

Introduction

The foundation stone for the individualisation of consumption was laid in the 1960s. With the change from seller to buyer markets, the growing prosperity of society and the change from overall social to individual value orientation, consumers have developed in recent decades a stronger desire to choose products and services according to their own ideas and preferences. This customisation inevitably introdu es an orientation of services to the rational and emotional needs of consumers and the values to which they aspire.

The increasing concentration of markets caused by company mergers, as well as global competition and the ever more individual segment specific market exploitation, together with an increasing number of brands, are the core issues in today's competition. Against this background, the establishment of a consumer relevant image seems like an insurmountable hurdle ([5], p. 169).

It is becoming increasingly difficult to tell the difference between products by means of rational thinking. Emotional factors, such as confidence, reliability, affection, love and hope, are conveyed by the brand. Loading brands with such values, which are essential for positioning, are crucial tasks for the positioning and

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management of a brand. The requirement on brand management, in these terms, consists of finding models for establis ing and managing the brand, as well as implementing differentiation strategies in   practice and controlling these actions.

Current State of the Issue

Brand management approaches based on a strong relationship to a sector, a company or a product are mostly individually configured and are thereby tailored to, and hence realisable with, a particular promotion or product/service. These approaches can however rarely be transferred to other companies, sectors or products, so a neutral configuration would be necessary. It must however be said that an increasing sector neutrality of the management approach leads to certain degree of generalization, which makes development and subsequent implementation more difficult.

A brand can be viewed from a wide range of perspectives, which represent the basic principles for various management approaches. When defining the various terms it could be seen that brands have a wide ranging importance in many areas of everyday life. It is therefore a considerable challenge to cater for all possible aspects of a brand in suitable ways. The   following three perspectives, those of esteemed brand researchers Hans Domizlaff, Franz-Rudolf Esch and David Aaker, demonstrate valuable brand management approaches that can be obtained from the fields of psychology, communication science and value orientation.

Psychologically Oriented Approach

Hans Domizlaff is today seen as one of the founders of brand technique management thinking. He regarded the public confidence in a brand to be an important condition for its success, and concentrated on the acceptance of the brand by individuals and the society as a whole. "The starting point for all brandtechnique computations is not the manufacturer, but rather the psyche of the customer" [4]. Domizlaff recognised brand technique as an instrument for subconscious needs generation, whereas advertising often much more obviously affected and tried to generate a purchase compulsion. The brand technique promises a long-term effect in comparison to advertising. The psyche of the consumer is not considered self-sufficient and completely independent, but depends on the situation and only as part of a whole – the mass psyche.

Communication Oriented Approach

Franz-Rudolf Esch established the thesis that a successful brand differentiation is achieved exclusively via experience-oriented communication. Due to the ever more similar product characteristics and the increasing experience-orientation of society, brands grab the attention of   consumers via either low prices or via the

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conveying of emotions "because strong brands are characterised not least by a strong emotional connection." ([(5], p. 37) The brand communication fulfils a key role in the development of a consumption relevant image.

Fig. 1
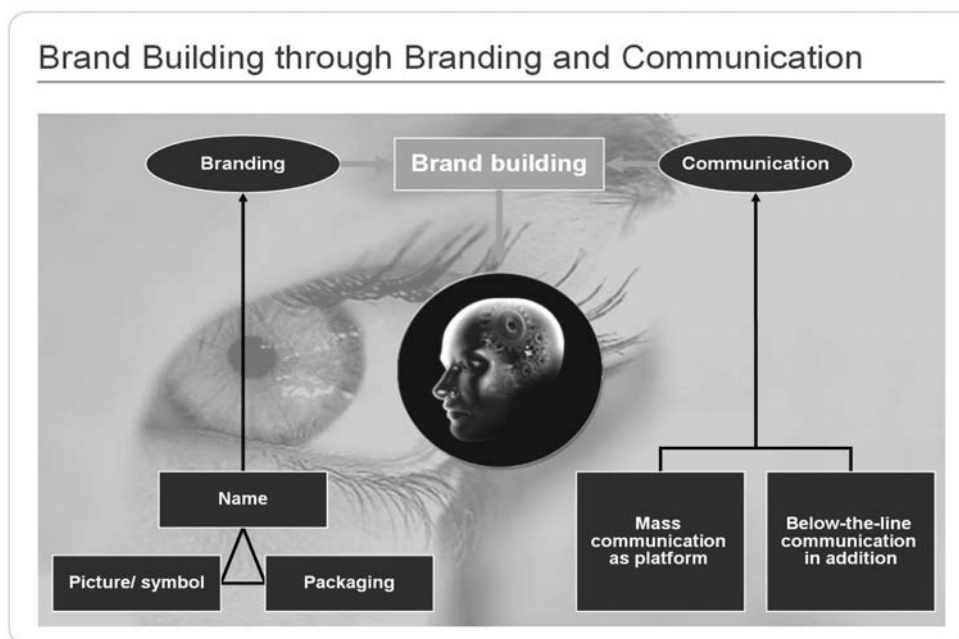
Source: ([5], p. 170).

Esch describes, with the branding of brands and brand communication, two important and equally valuable aspects, which with their components built the brand for the potential consumer.

Value Oriented Approach

David A. Aaker is one of the most famous and renowned brand experts in the field of value oriented brand development. The core of his strategic thinking is the particular brand value that ensures long term survival of the brand and even the whole company. "The future of each brand depends on its strengths, values and the intensity, enthusiasm and demand in the product class." ([1], p. 297). The central problem in terms of developing a brand value consists of identifying the right instruments and implementing these correctly.

Aaker provides a system for this, which describes the strategic determining factors for the development of a brand value.

Fig. 2
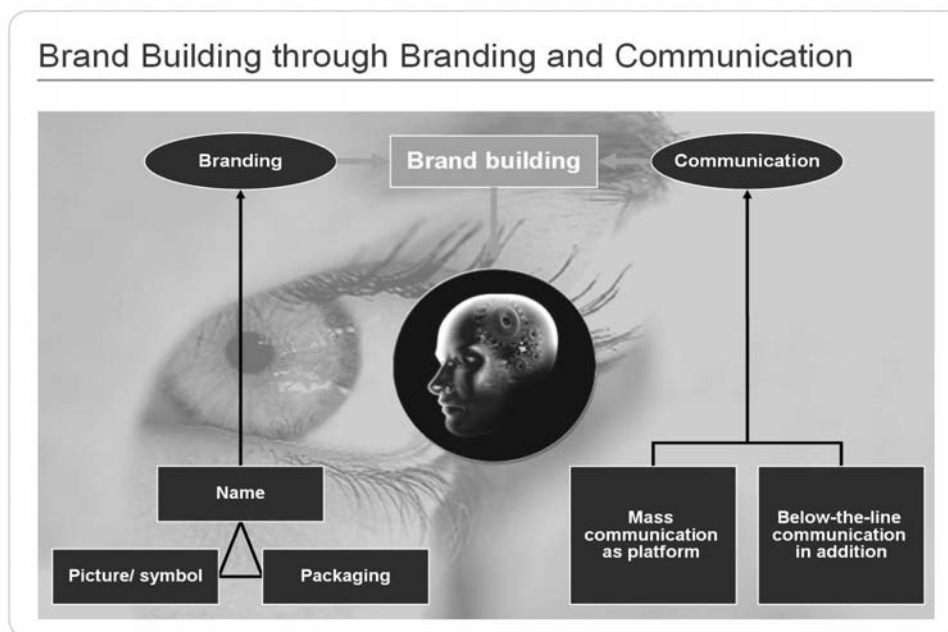
Source: ([1], p. 312).

The financial brand value is determined by the achievable price premium and the additional sales that can be attributed to the effect of the brand. The value of a brand is also defined by the benefits a potential purchaser of the brand rights would acquire via the brand and what price this purchaser is prepared to pay for such benefits.

The problem posed for the establishment and the management of brands lies in developing a holistic viewing perspective which controls the value contributions of all company divisions, "to create the most coherent, relevant, pleasant and differentiated image of a brand as possible for the consumer." ([5], p. 167).

Results of the Preliminary Study

The brand literature sufficiently portrays and describes the establishment, management and valuation of brands in theoretical terms. A further interesting aspect is therefore its deployment and use in practice. For this analysis, sample businesses have been drawn from the automobiles, sport, fashion and lifestyle, computing and electronics, industrial goods, and motorcycling sectors. Important factors during the selection of the brands to be considered were recognition, image, international presence, tradition and corporate success. Common for the analysed brands is that they all have a brand history that includes commercial success and also periods characterised by less success. All companies were analysed regarding the economical indicators *return*, *growth* and *risk*.

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In the preliminary study it was found that a targeted and strategic brand management promotes greater success at companies from a diverse range of sectors and even protects them from far-reaching crises.

All of the analysed brands were at a critical point. The companies reacted to this in different ways. From the brand development of the analysed companies it is possible to derive seven distinct levers, or drivers, which were utilised for achieving targeted corporate success.

Fig. 3
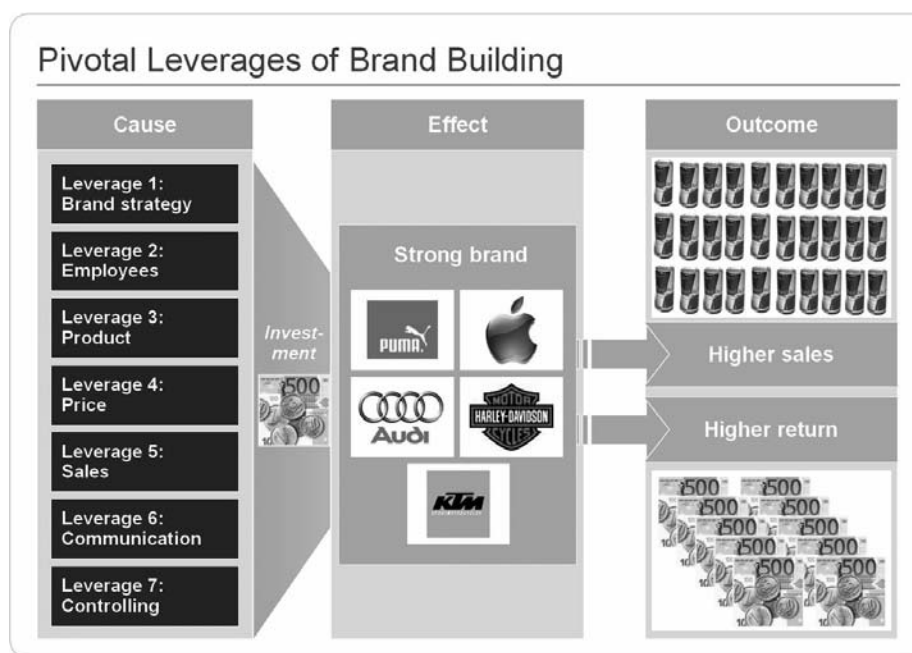
Brand Levers for development and management of brands
Source: own figure.

In all the cases a conscious implementation of a ***brand strategy*** can be recognised. The highest priority for this is to make all strategic decisions in tune with the brand and its desired positioning. The brand strategy influences all other levers used for brand development and brand management.

Employees are not just a key factor in responsibility for the quality of the products and services provided, they also represent a part of the brand themselves. Employees who are confident in and convinced of their employer and their brand, which they themselves use and communicate in public about, thereby act as effective brand ambassadors.

The focus of a brand is always the benefits that the brand provides, via provision of a ***product*** or *service,* for the customer. "There is no brand without a great product" ([8], p. 42). The product development must therefore immediately react to changing demand conditions.

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One indicator of the product or service offering immediately denotes the brand positioning quite clearly – the *price*. Consumers perceive the price to be a reflection of quality and rely heavily on this indicator.

Sales allow the brand to have personal contact with consumers. It is therefore of great relevance here not to give a falsified impression of the brand.

In all five case studies considered, ***communication*** was an essential lever for brand development. This also serves to bring the brand into the public perception and discussions, which conveys the brand values at the same time.

A further important lever for the successful development and the management of a brand is represented in the case studies by ***controlling***. The controlling fulfils the function of a brand cockpit. It shows whether the business finds itself on the correct path and whether the desired goal will be reached or if possible adaptations to the strategy or management corrections in the implementation are necessary.

Results of the Expert Survey

The expert survey will enable a closer scrutiny of how brand development and management is applied in practice. There was no special preference as to which business sector the participants came from so that it is possible to gather answers from a diverse range of sectors.

At the beginning of the survey it was necessary to establish which influencing factors the participants seemed relevant for the development and management of brands.[1] The participants were free to name which factors they believed to be the most important. A successful differentiation from competitors can only be achieved through perceivable authenticity, professional product development, consistent brand management, rigorous target group orientation and clear positioning.

The ratings in questions 2 to 5 were based on the one-to-six scale common in the school rating system. In addition, the participants had the option of giving an "?" or "undecided" answer or of moving to the next point without proving a rating.

The second question differentiated between the development and the management of a brand.[2] The seven levers derived from the analysis of the benchmarks in the preliminary study were used for the evaluations. In addition, branding triangle, differentiated brand positioning compared to the competition, and brand environment complemented the general lever of market strategy.

The ranking of the individual levers shows that communication is seen as most important when developing a strong brand. Communication can create awareness of a new brand, which is one of the key conditions for brand success. In contrast, the price lever only received an average rating of 3.33. More than a fifth of all participants gave 5 or 6 for this lever, which is in direct contrast to findings from branding literature and the benchmarks, where price is the most important positioning factor largely because of its association with quality.

The second part of question 2 deals with the importance of the levers for the

management of a strong brand. The participants gave the employee's lever a higher importance rating for brand management than for the development of a brand. However, the lever received a good rating in both cases. Along with price, the levers of quantitative and qualitative controlling are given a mediocre valuation.

The results of question 3 provide information about how intentional the implementation is of the specified levers in the companies of the respondents.[3] In a comparison of the product and brand environment levers, it is clear that product is implemented in a much more intentional way. As a lever for the positioning of a brand, this shows that rational product attributes are still favoured over the creation of an emotional brand environment.

Question 4 asked for a subjective assessment of the measurable influence that the intentional development and management of a brand have on brand and corporate value.[4] The measurable influence on brand value was rated on average at 1.93 by the entire sample, while the influence on corporate value reached 2.4.[5] This indicates that the respondents deem brand management to be very important.

In the next question the respondents were asked to provide a critical assessment of the brand and corporate value of their own companies[6]. The overall satisfaction rating was a fairly average 3.03[7].

In order to answer the last question the participants were required to provide details of essential actions for brand development at their companies. [8]. Around a fifth of the participants finds the observance of these two levers in their companies as inadequate and requires a clearer differentiation from competitors and a more solid brand strategy.

Overall, as assessment of the expert survey indicates that there are significant differences in opinion about the influence of individual levers on the brand and corporate value. Logically this means that the individual levers of strategic value-oriented brand management are used varyingly in practice. Yet at the same time, performance measurement also clarifies how successful a brand is and how individual actions impact the status of the brand. On the other hand, the communication and product levers are increasingly used to controlling the brand. Generally speaking, for brand management there are also unmistakable differences between the rating of the measureable influence on the brand and corporate value and the rating of own brand and company value. The measureable influence is highly rated, while own corporate and brand values are rated only as "satisfactory". This clearly shows the considerable potential of strategic, targeted and value-oriented brand management.

The existing brand management approaches are often complicated in their implementation since very close to industry or object relation impedes the realisation to other branches. On the other hand, absolute industry neutrality complicates the implementation due to missing industry assumptions and interfaces. This following system will give management and entrepreneurs marketable guidelines on how to enhance sustainable value to their businesses.

Development of the 4-Phase-Model

The 4-Phase-Model is a unified concept for the practical and value-added development and management of brands and describes the steps required for their strategic implementation. The model can be used both as a standalone strategy or can be integrated with an existing corporate strategy.

The analysis, strategy and implementation phases as well as brand controlling are all provided in chronological order. In the individual phases it will be shown which operational measures are important for the successful development and sustainable value-oriented management of a brand. At the same time brands will be used irrespective of whether they are used for corporate purposes or for a service or product.

Fig. 4
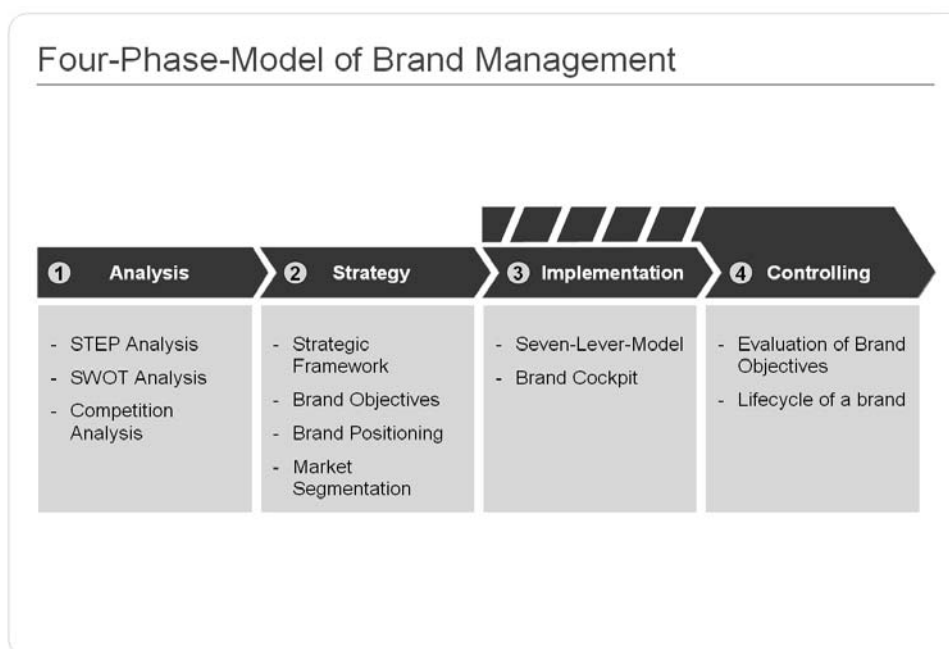
4-Phase-Model
Source: own figure.

Phase 1: Analysis

The analysis phase forms the information base for decisions about strategic and operational steps for the development and management of brands. This phase provides an analysis of the situation of the company or brand as well as the environment.

Environment and Trend Analysis: STEP

A central task of a company is to handle current and changing environmental influences and trends. When positioning a new brand, an extensive analysis of external and internal factors is an essential basis for brand-related decisions. The environment and trend analysis is the analysis of:

S = Social Environment
T = Technological Environment
E = Economical Environment
P = Political Environment

A further "E" is also frequently added for Ecological Environment, as recent information about future climate change means that ecological orientation will play a critical role for the company and the positioning of brands ([6], p. 129, 130).

Internal Company Analysis: SWOT

An analysis of the internal situation provides a realistic impression of the company or the brand. It gives an overview of internal strengths and weaknesses on the one hand and external opportunities and threats on the other ([11], p. 65f).

Analysis of Competition

The analysis can provide an overview of competition by showing the strengths and weaknesses of the strongest competitive brands. The results help to establish a company's particular positioning using a comprehensive analysis of horizontal and vertical competition. It becomes clear what image dimensions influence the market being studied and what relationships there are between the images of the various brands ([5], p. 498-501).

Phase 2: Strategy

After comprehensive information about the company and the business environment has been gathered, strategic measures for cultivating the market are gleaned from this.

Strategic Framework for Action

The strategic framework for action records all brand components that are perceptible internally and externally and in this way defines the model for a brand.

To start with you have to define the brand vision within the firm in order to give the brand a direction for future development over a specific time frame. The mission of the brand is directly associated with the vision and states in a comprehensive way what steps and changes have to be carried out in order to be able to achieve the brand vision. The third component in the brand model is brand identity. This reflects the characteristic traits of a brand and is therefore a decisive factor in appealing to the

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target group. The brand promise is derived from the identity of a brand and helps in creating its distinctive quality. The brand promise provides information on the rational and emotional benefits of a brand and its associated performance and services. The fifth and the sixth components in the strategic framework for action clarify once more which customer benefits are created and which rational product and service attributes are responsible for this, as a brand obtains its value exclusively from the purpose it serves. Without this purpose the brand would not be anything but a name on a package (also see [2], p. 44).

Brand Objectives

Formulating the vision and the brand mission can help to forecast the way in which development should proceed in the years to come. It is necessary to formulate specific brand objectives on the basis of the vision and mission, to identify sectors of the business that are responsible, and finally to establish clear strategic action. By these brand objectives jobs can be spread according to the skills of the individual departments within the firm.

Positioning of the Brand

Using the components mentioned a clear brand positioning can be developed. In particular the brand identity represents in the ideal situation values to consumers which are relevant in the market place, and as a result the brand can be identified and will be anchored in the minds of consumers. There are six essential requirements for brand positioning that have to be taken into account: 1. creation of an element that is distinct from competitors; 2. benefits have to be relevant to the market place from the target group's perspective, 3. the brand image has to reflect the company image and the consumers' self-perception; 4. specialisation in a distinctive feature of the brand in order to achieve a clear perception; 5. ideal perception of the positioning by the   target group; 6. positioning has to focus on the long-term building up of brand value and not on short-term trends [see 9].

Forms of Market Segmentation

A market segmentation adapted to suit the situation is required for the strategic direction of the Marketing-Mix and so also for the development of a successful range of services and the associated brand. This will serve as an essential basis for finding a consumer target group that is brand-compliant and relevant in terms of business. The geographic and the socio-demographic segmentation offer methods for reaching target groups individually. The psychographic and the behaviour-oriented segmentations are very effective in forecasting future purchasing behaviour and also help the Marketing-Mix so that it is geared to focus on target groups see ([10], p.191-199).

Phase 3: Implementation

Once the strategic orientation of the brand and the selection of the target group have been completed, the practical implementation takes place.

Seven-Lever-Model

The seven-lever-model provides an overview for determining the areas in which brand-related action is necessary. These levers are:

- brand strategy: the compass for the direction of development of a brand
- employees: key factor in the successful implementation of a brand strategy
- product: consumer comes into contact with the brand; the brands right to exist
- price: factor for achieving competitive advantage; potential for differentiation
- sales: allocation of the service or product to the consumer
- communication: purchase-relevant brand positioning; building of brand awareness and positive image among the target group
- controlling: collection of information, to assist in managerial decisions, and drive brands

Brand cockpit

The brand cockpit offers an integrated display of brand management and its underlying causal mechanisms. An effective, understandable, and comprehensible brand-cockpit ensures actions which are compliant to the brand. These actions can be fulfilled by all parties. Overall the brand cockpit is a key instrument for implementing a brand strategy, as it reveals clear connections and avoidable mistakes can be detected early by consistently maintaining the brand cockpit.

Phase 4: Brand Controlling

In many modern companies, the brand is considered the most important intangible asset. For this reason, the continuous evaluation and value-based management of the brand are important elements of successful brand management. The brand cockpit not only provides helpful indications for the implementation of measures to be taken, it also is an important part of brand controlling.

Controlling the various measures to the promotion of sustainable brand success requires the integration of qualitative and quantitative controlling variables. From continuous observation of the determined indicators and the market, consequences can be derived for the seven levers so as to retain the benefits from the customer's point of view and extend the service life of the brand.

If during the process of controlling major weaknesses are detected in one of the levers of value-oriented brand management, it must be responded to with a re-analysis phase and an adjustment of the strategy. This creates a self-controlling process cycle and therefore the company value can be kept permanently at a high level.

Fig. 5
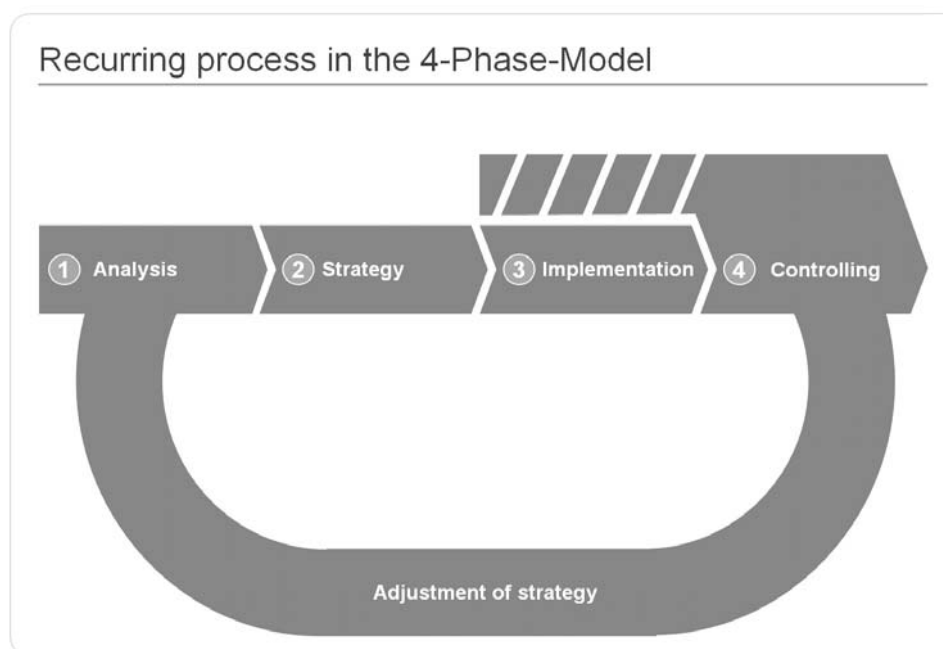
**Self-controlling cycle of brand development and management**
Source: own figure.

Conclusions

The influence of brands on the economical success of companies is shown by means of objective criteria. Based on this awareness, existing gaps in science and practice has been shown and discussed as well as reduced. The influence and significance of a value based brand management model as a relevant success factor for a company was stated.

The main objective was to contribute to a securing of brands and   businesses in the future. In order to achieve this objective a preliminary study was carried out. In case studies the most important levers regarding value based brand management were identified. One main result is the cause and effect model regarding the value based brand management, existing of the seven levers.

Fig. 6
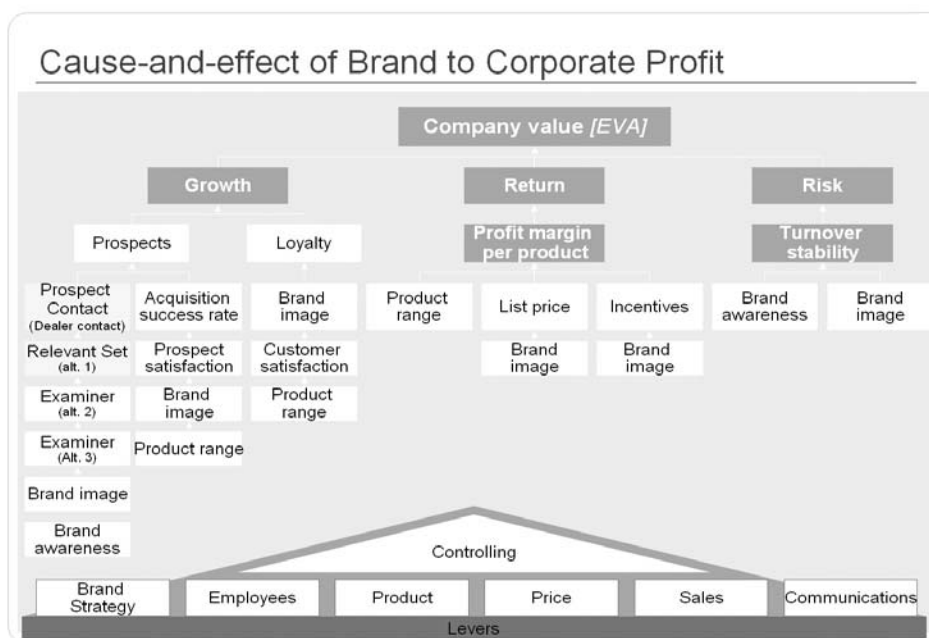
Cause-and-effect of brand on corporate profit
Source: own figure.

On the basis of the findings of the empirical study and the results of the expert study the following conclusions regarding the formulated hypotheses have been made:

1. There is a relationship between the management of a brand and the commercial success of a company.
Companies analysed in the preliminary study were able to increase their business and economic success significantly through the implementation of a brand management strategy. The experts in the survey also attributed considerable influence to brand management.
*This formulated hypothesis can therefore be **confirmed** and remains valid.*

2. Certain brand management levers have a positive effect on corporate value.
Generally speaking, all value-oriented brand-management levers could and should have a positive effect on corporate value. In practice, some levers have an especially positive effect on the brand value. This particularly applies to communication and brand strategy.
*This formulated hypothesis can therefore be **confirmed** and remains valid.*

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3. Successful businesses are aware of their success factors and intentionally make use of these.

In practice it is indicated that businesses intentionally make use of the communication and product levers. However, the rating of these levers did not reflect their usage. This again indicates that there is huge potential and opportunity in the practical implementation of value-oriented brand management.

*This formulated hypothesis can therefore only **partially** be **confirmed**.*

4. The important brand management success factors are sector-neutral and can be deployed by companies irrespective of their particular industry sector.

The evaluations of the case studies and the survey both clearly show that brand management does not differ by industry or business sector.

*This formulated hypothesis can therefore be **confirmed** and remains valid.*

5. Companies differentiate themselves clearly from the competition by means of brand management.

The results of the preliminary study clearly indicate that companies implemented the brand management lever in different ways according to the situation. This enabled them to differentiate themselves from the competition and achieve business success. The expert survey furthermore showed that companies take varying approaches to how they differentiate themselves from the competition. This hypothesis is further reinforced by the fact that the top recommended action is to use brand management to differentiate from the competition.

*This formulated hypothesis can therefore be **confirmed** and remains valid.*

Based on these results the four phase model for value based brand management was developed. This model structured in analysis, strategy, implementation and controlling gives useful guidelines and recommendations regarding the value based brand building and brand management and therefore for the company success.

It is evident, that the building and sustainable development of a brand in terms of awareness and in particular its image offers tremendous potential for any business. However, it requires much expenditure of resources, energy, and it takes time.

Successful companies and brands build on strong leadership and reliable management. True leaders perform their function as a role model and live out the core values for the personnel. Key elements such as the brand image are specified jointly for the work areas of all employees and awareness is raised of their impact on day-to-day activities. Companies which are able to build up a strong identity based on the core and values of the brand have the basis for creating one of the strongest success factors in our society and economy.

A contribution to science based on the consolidated findings out of the empirical study and the expert study as well as an added value for companies and practice because of the development of the four phase model for value based brand management and the concerning guidelines and recommendations is delivered.

References

[1] Question 1: In your opinion which influencing factors are important for the development and management of a strong brand? (e. g. international protectability).

[2] Question 2: What is the importance to you of the following levers… a) developing a strong brand? B) managing a strong brand?

[3] Question 3: How intentional is your implementation of the following levers in the development and management of a strong brand in your company?

[4] Question 4: How high do you estimate the measurable influence of the intentional development and management of a brand on… a) brand value? b) corporate value?

[5] Each sample T = 70.

[6] Question 5: How satisfied are you with the current status of own company with regard to brand value and corporate value?

[7] Sample T = 70.

[8] What concrete actions do you think are required for your company's brand development?

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