

How branding can be  
used to create  
sustainable  
competitive  
advantage



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## **Introduction:**

What makes us so desire for a certain brand? The brand is visual appeal that catches customers' eyes and convinces them to spend more money on it.

Murphy. J (1987) said that brands are considered by the corporations as the invisible assets for them. A good brand is more than that. It touches customers' emotions.

Definitions:

Brand: Almost in every leading organization brands are playing a focal role in their business strategy. In the eyes of the manufacturer, brands are a means of identification with unique features (Yoo et al, 2000) cited in Herstein R and Zvilling M (2011). Phau and cheen lau (2001) said cited in Herstein R and Zvilling M (2011) that in the eyes of customers' brands help the consumers to express their personality and self-expression. In general the brand is an established product name, design, symbol or a term. On the other hand branding is combined of some actual and emotional characteristics that associated with a particular identified product or service which differentiated the brand from the rest of the market place.

Sustainable competitive advantage: A competitive advantage is the thing that differentiates one business from its competitors and separates the business from everyone else. This competitive advantage could sustain for a long time once the brand has value creating products, processes and services for its consumers that no other competitors can not duplicate it (scienceofbusiness. com).

## **Brand positioning:**

In order to create a distinctive position in the market, a differential advantage has to be created by the companies in their mind. An organization can portray to its customers what it wants to achieve, what it wants to provide its customers through the brand positioning (managementstudy.com). To position brands in the market refers to 'Targeting consumer's' reason to buy the brands in preference to others. Positioning means how a product appears in relation to other products in the market. Brands need to position themselves clearly in target customers mind. A powerful brand position helps to stretch the organization, enabling it to grow and increase the competitiveness (Clifton et al, 2009). So if the brand can position itself strongly into the customers mind then it might be a good source of sustainable competitive advantage. Now the brands can position at several levels which can be done by its products attributes, benefits, beliefs and values and also on its personality (Kotler et al, 2008). A company position the brand on product attributes. For example, Mercedes a leading car company got such attributes as 'well engineered', 'well built', 'durable expensive', 'prestigious' and 'high resale value'( Kotler et al, 2008). These probably allow Mercedes to position the brand and gain the sustainable competitive advantages.

Secondly a brand can position itself by associating its name with desirable benefits. The attributes the products got therefore need to be translated into functional and emotional benefits. For example, a sports cloth seller such as Nike needs to go beyond its products itself and talk about the benefits such

as a sportsman feels comfort when they wear Nike shoes and can move smoothly and easily.

The strongest brands go beyond attribute or benefit positioning to position more strongly. They tend to position on strong beliefs and values (Kotler et al, 2008). For example, Mercedes buyers values high performance, safety and prestige. Such of beliefs influence the Mercedes customers buy the brand and then Mercedes brand get sustainability in the market.

Consumers personality could be another aspect that brands need to consider when they position in the market. Because consumers like to seek a brand that match up with their personality. If the brand is viewed as a person then according to Aaker (1996) cited in Peter. N () that " a brand can be perceived as being competent, trustworthy, active or youthful". A brand personality try to match up with the person's personality so having that brand consumers can express their own personality. Consumers tend to select those brands that have a brand personality that match up with their own personality. For example, consumers might visualise a Mercedes car as a wealthy, middle aged business executive. It seems this idea creates a competitive advantage for Mercedes brand and consumers whoever got such personality go for Mercedes car.

### **Brand associations:**

One of the most fundamental tasks of an organization is to clearly understand and manage the set of associations around its brand. Brand associations are quite close to brand positioning. Because the attributes of product (which was mentioned earlier) a brand hold that basically associate

it to position into customers mind. Aaker (1991) defines brand associations cited in Till et al (2011) as " anything linked in memory to a brand and states that core role of brand associations is to create meaning for consumers". The writer believes that the brand association is something to a brand which is deep seated customer's mind. Brand associations are not the benefits but they are symbols and images which associate with a brand or brand benefit. For example, a football star called Wayne Rooney with Nike T-shirt, Nokia sounds etc. Brand needs to be associated with something positive. If the attributes and features of the brand satisfy the customers needs then it will lead the customers having a positive impression about the product, about the brand. Organization gain goodwill, obstructs the competitors entry into the market and gain sustainable competitive advantages such as durability if it has positive brand association (managementstudy. com). For example, Apple is competing with one product (Iphone) seems like with different categories of product. If it is looked to the Iphone features it has everything such internet browsing, music can be download from Itunes, thousands of applications including navigation etc. so it is hard to say who apples competitors is. It creates a positive impression for the company into customers mind that let them being successful.

However sometimes it is hard to assess high level competitive attributes and issues. Sometimes an organization needs quickly determine messaging elements to optimise brands in complex competitive environments. So a Brand Association Map might help a brand to sort this out where it can consider its competitors attributes and issues which helps the brand to

reshape the attributes through innovations on the other way reshaping brand associations.

## **Brand architecture:**

Douglas et al (2001) & Rao et al (2004) cited in Chailan. C (2009) said, " Brand architecture defines the way in which a brand signs a product and whether it does so independently of another brand." But Petromilli & Berman (2003) defined the brand architecture as the way business organize, manage and go to the market with their brands and it is probably a powerful strategic weapon that create competitive advantage and drive greater revenues and profits for the business. It is the process that devises a plan and optimally accommodates all product brands within an organization. For example, the company Virgin offers several services from transportation to cellular phone all under one of the company brand which is Virgin. Olins (1989) and Lafore and Saunders (1994) cited in Chailan (2009) differentiate three levels of brand architecture. They are:

1. Monolithic brands- basically corporate brand (one sole name for all products) example: Virgin
2. Endorsed brands- mixed branding (two brands associated with one product)

These brands enter in the marketplace with their own brands but have the strong and visible endorsement of their parent organizations. For example: ipod is a parent endorsed brand as Macintosh. They both enter the market carrying the strong, visible apple logo although it is seen only Ipod or Mac on the product.

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3. Branded products- which are known as house of brands (each product has its own brand) example: P&G and Unilever have individual sub brands like Pampers and Persil which take prominence in the eyes of customers. An example of brand architecture on Virgin is as follows:

Virgin brand architecture:

### **Model of virgin brand architecture**

Brand architecture is not all about extending the brand it also looks to whether the brand or product fit in the brand architecture. Because if it doesn't fit and support the corporate brand or house of brands then adding up the brand doesn't provide any positive outcome or doesn't contribute to the core brand. Petromilli et al (2002) said that the brand architecture define how the sub brands or various pieces of the brand portfolio fit together, relate to each other and add value to the organization. According to Petromilli & Berman (2003) that brand architecture are viewed by companies as the means to drive both greater top-line growth and bottom line performance. For example, from the figure..... it can be said that the bottom line brands which are sub brands of Virgin are Virgin Atlantic and Virgin train fit nicely each other. Although both are used to transport but they both got different ways to run. Again someone is on the virgin cell phone in the virgin train nicely fitted each other. These sub brands support the corporate brand which is 'Virgin'. If the sub brands don't perform well then the corporate brand can not growth. This is where the brand architecture is. It makes the judgement whether the brands are fit or not fit in corporate brand or house of brands. For example, P&G recently announced that they divestiture of such brands as Jif, Crisco and Smuckers because P&G viewed that these are <https://assignbuster.com/how-branding-can-be-used-to-create-sustainable-competitive-advantage/>

the brands no longer for the house of brands in its core categories (Petromilli & Berman, 2003).

Brand development:

When a company considers to developing its brand it has four choices. They are introducing line extensions, brand extensions, multibrands and new brands (Kotler et al, 2008 pp: 530). At this stage the brand extensions are being discussed.

Brand extensions: According to kotler et al (2008), " a brand extension extends a current brand name to new or modified products in a new category." Brand extension is a part of brand management that diversify and leverage the existing brand by entering into a new product development. Strengths and positive images of the parent brand/ existing brand might impact positively on the success of the new product. If a parent brand has strong reputation it can minimize risk of new product launch by taking advantages on consumers' experiences and preferences of the established brand and has a possibility to be succeeded. For example, Apple is a leading branded company in the world (appendices 1 shows its brand position). Probably Iphone is its best selling product. But Apple decided to go for something substitute of laptop which is now known as Ipad. Their brand reputation helped them to launch the product and become successful. Because consumers know that whatever Apple will bring in the market it will be something unique compare to competitors.

For brand extensions, it is seemed not many companies can be compared with Virgin group. By simply attaching 'Virgin' in every product it markets, <https://assignbuster.com/how-branding-can-be-used-to-create-sustainable-competitive-advantage/>



virgin rolls out so diverse categories , from cola drink to wedding service and further the budget airline. Virgin's brand extensions are as follows:

A brand extension strategy offers a company many advantages. An established, well-designed brand name helps the company to enter new product categories (which was mentioned earlier) result in the new product achieve instant recognition and faster acceptance. Sometime this advantage is seemed to the as a sustainable competitive advantage. For example, when Ipod came into the market no one even thought about it. So the product was completely new innovative product who is still dominating the tablets technology market. A brand extension also saves the company's high advertising costs usually required to build a new brand name.

However a brand extension strategy not always provides advantages to the parent brand, it involves some risks as well. If the new product doesn't get the acceptance from the consumers then the extension may confuse the main brand.

The benefits of branding to various stakeholders:

Benefits to the brand owner: A brand offers various benefits to various stakeholders. At this stage it is being considered how a brand benefits the consumers, retailers and the brand owners.

Benefits for the consumers: it's not always true that brands benefits the brand owner only but also the consumers as well. According to the class note, a brand helps the consumers to identify the brand easily. Because when a company wants to express its identification, along with other

attributes the brand logo also contributes to the company. By having a look of its logo consumers can easily identify which brand and can choose their own brands over other brands. Appendices 2 shows some strong brands and their logos which can be easily recognised by the consumers.

Now the brands want to make sure that no other company copy their logo so they protect their brands and brand logos by the trademark. That's why consumer has low perceived risks of getting another dozy brand or dozy products. As all established brands have expectations to be survived long time so they don't sacrifice their quality and it's like a promise to the consumers. Consumers trust the brand and can rely on the brand which makes them to take quick buying decisions. For example, when Apple customers decide to buy Apple products they never justify that the products will be dozy as long as they buy from the Apple shop. Another benefit is offered by the brand that it added value (brand associations). As every established company who has a strong brand wants to gain competitive advantage, so it try to add up more and more attributes and offers more benefits for the sake of its brand which is a great benefit for the consumers.

Benefits for the retailers:

Sometimes an intermediary works between the brand owner and the consumers who are considered as retailer. Their role is to get the products to reach to the end users. If they sell any products which have strong brand, they don't have that much headache to do more advertising on the products. So the retailer gets benefited by having a strong brand product as it saves the marketing costs because people already know the brand. For example,

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Curries is an electronics shop. It sells different electronic products of different brands. But it doesn't do any advertising for any specific brand (such as Sony, Panasonic) as the brand owner does the marketing. Another benefit for the retailer is, the brand owner attracts the customers to buy its products on behalf of the retailer. Because of having a strong brand product people will pop in the shop as they want to buy their choosable brand.

Benefits for the brand owners:

A strong brand name, a strong brand position with a strong brand architecture and brand associations always benefits the brand owner. It also provides some competitive advantage which can be made sustainable in the long term. At this stage it is being discussed how the brand benefits brand owners and provide them sustainable competitive advantage.

A brand can be used to create sustainable competitive advantage by creating customer loyalty. Brand loyalty is a consistent preferences for one brand over all others brands, is quite high in some product categories. Over half of the users are loyal to one brand in product categories such as cigarettes, mayonnaise, toothpaste, bath soap and headache remedies etc. many university students use the same brands they used at homes, rather than being price buyers (Lamb et al, 2007). People who closely bond with a brand identity do not only purchase the product but also purchase related items. For example, who likes Sony camera, he will buy the same brand memory card. This create a sustainable competitive advantage for the brand owner and brand architecture works nicely two sub brands helps each other ( Sony camera & Sony memory card).

A well designed, established brand allows the brand to charge the consumers premium price. A brand creates a psychological image into consumers mind that a brandy company delivers a high quality product and a product that has a uniqueness and prestigious to everyone. For example, Ferrari cars are normally driven by the wealthy consumers who like to think them as prestigious and very few consumers own Ferrari. So it creates a sustainable competitive advantage for the brand and allows it to charge premium price.

In addition, because of having a reputed and strong brand, a company can go for brand extensions easily (which was mentioned before). Sometimes a product or an idea of the company can be imitated by the competitors. But, by the time competitors copy its products or ideas, the brand goes for some other innovative ideas or innovative products which let the brand to extend their brand extensions or line extensions and keep on track in the competitive market. It helps the brand to sustain in the market. Apple would be appropriate example for it. When it extended its brand with launching the Ipad then it goes for the 2nd version of Ipad. So it allows the brand to be in the market and create some barriers for the competitors so no one imitate Apple. As it always create some product distinctiveness compare to its competitors. According to Tulsian. P & Tulsian. S (2005), branding provides distinctiveness to the product. Unless the product has not got any distinctiveness it can not create any competitive advantage for the brand. So the brand helps the producers to generate product distinctiveness. Because of having a reputed brand, it can not come out in the market with anything. The product has to have some uniqueness and distinctiveness.

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Probably for that reason the strong brand company spend lots of money on R&D and along with others brand associations it provides distinctive products result in achieve the sustainable competitive advantage over its competitors.

A brand with a strong position is a valuable asset to the brand owner. The total financial value of a brand is estimated by the process of the brand valuation. McDonald's CEO said that if any natural disaster destroy company's every asset, every building and every single equipment still he will be able to borrow all the money to replace all these assets very quickly because of brand value( Kotler et al 2008, pp. 521).

Conclusion:

After all discussions and a forward thinking on branding, it can be said that branding is not choosing any organizations target market over the competition but it is about to get the organizations prospects to see that the organization is the only one that provides a solution to the customer problems. Once the tasks are done by the organization then its brand get recognition in the market and gain the sustainable competitive advantage. Brand owners must constantly ensure that they maintain the qualities and values of their brands and it must continue to appeal to the consumer. It needs to be developed in terms of customers' needs and changing society. This will allow the brand to be sustainable and provide sustainable competitive advantage in the competitive market.

Appendices:

Appendices 1:

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