COMPETITIVE ANALYSIS OF BRAND MANAGEMENT

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Abstract
Businesses are striving to build up a distinct image by making differences with small details in the eyes of customers who have freedom of choice in today's competitive environment. Therefore, businesses are not only paying more attention to branding operations and endeavor to draw their clients to their own products, but they are spending time, money and making efforts to keep them to their brands and make them loyal to their own brands. One of the primary duties of business managers is determining the demands and needs of the target audience and developing strategies accordingly. And one of these strategic decisions is the brand management. Therefore, it can be argued that brand management is one of the most important strategic factors to gain and maintain a competitive advantage. It can be clearly seen that businesses which have succeeded in brand management especially of differentiated products called luxury goods are noticeable with respect to acquiring and sustaining a competitive advantage.

Key words: Strategic Management, Competitive Analysis, Brand Management

INTRODUCTION

Strategic management is primarily important for companies and relates decision making about future orientation of organizations and implementation decisions. Effectiveness on selecting brand management strategies and implementation for companies provide organizational success and competitiveness.

In today's global market, gaining a competitive advantage is one of the most vitally important issues in business managements. Firms operate by continuously using different strategies in terms of profit, growth and sustainability. The successful implementation of these strategies will help businesses achieve a long-term success and acquire a high reputation in terms of corporate image and brand against their rivals. Another significant factor in business management that helps create a competitive advantage is being able to establish brand management in accordance with strategic targets.

By differentiating a product from its competitors, brand management primarily aims to gain a place in the minds of its consumers and achieve brand recognition and increase sales. And in the long run, it wishes to ensure brand loyalty even beyond brand recognition and awareness by positioning the brand image clearly. On the other hand, the goal of promotion efforts in consumers' minds is not only to achieve sales and recognition, but also to make sure that the brand is recognized by its personality and position. The positioning of the brands in consumers' minds that will achieve these targets is often linked to two factors. These are the structure and the situation of the industry that a brand is within, and the promotional activities of that brand (Karpat, 2000 : 212).

Businesses are striving to build up a distinct image by making differences with small details in the eyes of customers who have freedom of choice in today's competitive environment. Therefore, businesses are not only paying more attention to branding operations and endeavor to draw their clients to their own products, but they are spending time, money and making efforts to keep them to their brands and make them loyal to their own brands. One of the

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primary duties of business managers is determining the demands and needs of the target audience and developing strategies accordingly. And one of these strategic decisions is the brand management.

In global markets where international rivalry is deeply felt, the production and marketing of goods requires different strategies. Much as the world global market has turned into a supranational situation, cross-cultural diversification is also needs to be taken into consideration in brand management.

In situations where standard goods and services fail to meet customers' expectations, businesses need to find different solutions in accordance with clients' wishes, needs and expectations. This is another way of being able to compete in industry. Encouraging customer preference to gravitate towards your own goods and services is a fundamental principle of diversification strategy.

Diversification is often considered as diversification in goods and services of a business. Diversification in goods and services is more related to marketing strategies, and is a functional strategy in this context. Diversification strategy, which is among business management strategies, is competitive strategy directed towards yielding above-average returns by diversifying in all the operations of a business that create value.

With diversification strategy, a business seeks above industry average returns by meeting customer expectations in a different way from their rivals do and, in return, applying a higher price that a customer will agree to pay. Therefore, in this strategy basic starting points are customer expectations, behavior patterns, value judgements, and some other similar important factors. A business should research these important basic start points extensively. Customer expectations can be fulfilled with respect to product, quality, service, technology, behavior etc. Diversification, because of its forementioned feature, does not only mean product diversification. (Ülgen and Mirze, 2004: 264)

In our study, after explaining the factors of managing a brand successfully and its prominent examples in the world market, we will provide information about its importance in terms of gaining a competitive advantage and establishing reputation.

1. BRAND MANAGEMENT

Brand management is concerned with making decisions about an organization's future market direction and implementing those decisions.

The foundation of brand management and diversification strategy is to develop a successful brand vision and be able to lead it. The examples of leaders, business and brand vision in successful brands can be seminal regarding this issue.

Leader: Richard Branson
Brand: Virgin
Business : Reinvented business with risky and diverse ventures under single brand name since 1970; applied unconventional business practices company-wide; most recently attempted to create commercial spacecraft with Virgin Galactic (2004)
Brand Mission: Bring excitement to boring industries

Leader: Anita Roddick
Brand: The Body Shop
Business : Although she copied the brand name and the idea of recycled packaging from a U.S. company in 1976 and had only accidentally practiced social activism 10 years later, Roddick introduced the idea of creating stories behind cosmetic products
Brand Mission: Embed social activism in business

Leader: Steve Jobs
Brand: Apple
Business : Transformed the computing, music, and phone industries by introducing the Mac (1984), iPod (2001), and iPhone (2007) with cool counterculture approach; also reinvented animation pictures with Pixar (2006)
Brand Mission: Transform how people enjoy technology

Leader: Jeff Bezos
Brand: Amazon.com
Business : Reinvented retailing of books (and other products) with Amazon.com (1994) and reinvented the book itself with the Kindle (2007)
Brand Mission: Provide the biggest selection of knowledge delivered conveniently

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Leader: Larry Page and Sergey Brin
Brand: Google
Business : Since 1998, Google has been reinventing the search engine (the word "Google" is in the dictionary defined as a word for searching on the internet); redefined online advertising by providing search engine-based advertising platform
Brand Mission: Make the world's information organized and accessible

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Leader: Jimmy Wales and Larry Sanger
Brand: Wikipedia
Business : Since 2001, Wikipedia has been redefining the encyclopedia and popularizing the collaborative wiki approach developed by Ward Cunningham (1994)
Brand Mission: Create a publicly editable encyclopedia

Leader: Mark Zuckerberg
Brand: Facebook
Business : Although he did not invent social networking (Friendster was introduced first by Jonathan Abrams in 2002 and MySpace by Chris DeWolfe and Tom Anderson in 2003; Facebook was introduced later in 2004), Zuckerberg expanded the idea by introducing Facebook Platform (2007) and Connect (2008) and expanded social networking to a wider presence
Brand Mission: Provide social network as business platform

Leader: Reid Hoffman
Brand: LinkedIn
Business : LinkedIn introduced online professional networking and new ways of organizing professional contact information; some say it will soon replace the traditional resume for job search
Brand Mission: Connect professionals around the world

Leader: Jack Dorsey
Brand: Twitter
Business : Established in 2006, Twitter pioneered the idea of mini-blogs on the Internet and how people can broadcast their ideas to their network
Brand Mission: Provide the tools to track friends and other interests

In the world, successful brands which stand out with their added value come into prominence in competition by applying different strategies.

Brand image and brand perception comes to the fore in marketing, along with the affinity and differentiation of products has become important. The concept of brand personality is becoming important when considering the contribution of differentiation besides strengthening the brand image and perception of the concept.

Brands, however, form their own identities so as to have a place in the consumer minds. They apply different strategies in order to be able to keep these identities in the minds of consumers. These strategies are:

I. Repetition Strategy; similar messages should be continually repeated in communication. And most of the messages should be related to the company identity.
II. Complementary Strategy; according to this strategy, similar messages should complement one another.
III. Complex strategy; not having a certain message strategy and giving mixed messages. Each message creates its own manifest.
IV. Symphonic strategy; the contribution of each manifest to the brand identity so that brand identity can be easily recognized.

In order for the brand meaning to turn into purchase, there should be awareness, remembering, behavior, preference and the intention to buy. (Chevalier and Mazzolovo: 2008).

Success in strategic brand management increases not only the product value and its added value but also perception of reputation.

Having an impeccable reputation offers the following advantages to a company (Richard Hall, 1992: 135-144):

- Customers agree to pay a higher price for the goods of that company and recommends that firm to others.
- Employees make more contribution to the success of the company.
- Skilled candidates will be willing to work with the company.
- Business partners display positive and favorable attitudes.
- Investors feel safer.
- The community supports the operations of the firm.
- The media treat more fairly to highly reputable firms.
- Capital markets find reputable companies less risky.
- Stakeholders will, on the whole, leave companies more free when they make decisions and will be with the firm in both good and difficult times.

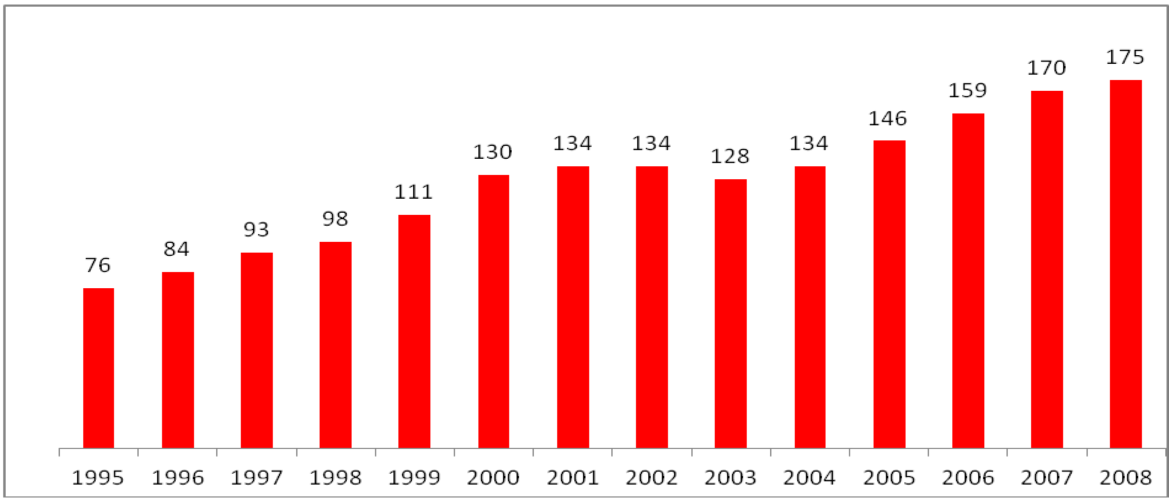
2. COMPETITIVE ANALYSIS OF BRAND MANAGEMENT

Differentiated products, especially which consumers agree to pay a higher price for are considered in the luxury category and stand out in terms of their success in brand management and competitive advantages. When viewed from this aspect, brand management plays an important part in luxury goods category.

The world luxury goods market has seen a remarkable growth in the past 20 years. Although it is not easy to assess precisely, based on a worldwide analysis of 14 product categories (haute couture, prêt a porter, perfume, jewelry, watches, leather goods, shoes, cars, wine, champagne, spirits, tableware, crystal, and porcelain), it is estimated that luxury goods sales will further increase each year and this rate of increase will not be less than 20 percent. And in 2011, the worldwide increase is expected to increase by 10 percent, 10 percent in Europe and 12 per cent in the USA. (Dewey,N. 2009).

According to the research conducted by Focus magazine in 2009, world luxury goods market always grew from 1990 to 2008.

Table 1: Expansion of the World Luxury Goods Market (Billion Euro)



Source: FOCUS, 2009, **The luxury market** Facts, figures, trends for fashion, accessories, watches, fragrances

Marketing of luxury products especially whose added value is high may involve different practices compared to other products.

The management of goods which are within the boundaries of the luxury and that have been diversified in terms of price and quality require different strategies. We can explain these as stated below (Khanna and Mansharamani 2006):

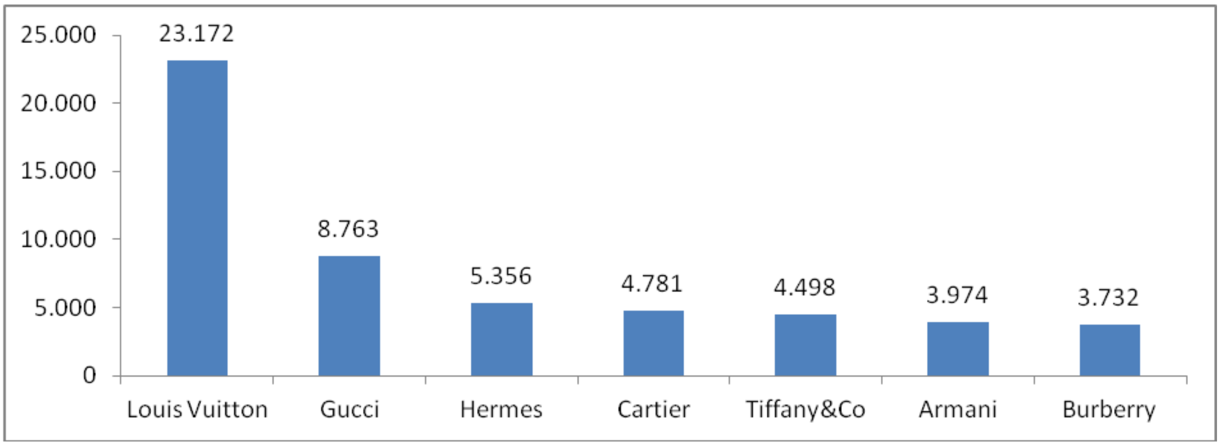
Table 2: Difference between Regular & Luxury Goods

	Regular Goods	Luxury Goods
Place	Available at convenience levels concordance with product category	Available in very select stores or exclusive outlets, at very high-end locations
Product	Standard goods with low service levels	Highly customized or limited editions of products; very high personal service levels
Pricing	Value for money	Premium pricing
Promotion	All kinds of media (ATL&BTL), Product functional and aspirational value appeals, All kinds of reference group appeals (Expert, celebrity, common-man, Executive, Employee) used	Predominantly premium Above-the-line media Product aspirational exclusivity or individuality expressing appeals
Economic definition	The increase in demand when the price of the goods decreases	The demand for luxury goods is said to increase when the price of the goods increases
Decision Making	Can range from routinized or low-involvement to high-involvement depending on the consumer and the considered product category	Always a high involvement purchase signifying extensive information search and thorough decision making progress
Drivers of Brands	Functional attributes and innovation	Tradition and brand heritage

Source: Khanna S. & Mansharamani A., 2009, Marketing of Luxury Brands in India

It can be seen that there is also an increase in the values of companies which are successful in brand management in terms of rivalry.

Table 3: Brand values of Luxury Brands (Billion USD)



Source: Interbrand, 2011, Best Global Brands

The report prepared by Goldman Sachs in 2010 provides us with some valuable analyses about the trend in luxury industry, one of which is, that the luxury industry is expected to reach 1 trillion dollars by the year 2025. China, as mentioned before, will play the most significant role in this growth. The current situation is that China with 15 billion USD comes first among BRIC countries. Russia comes second with a market of 10 billion USD, followed by Brazil with 4 billion USD and India, 3 billion USD. According to the report which emphasizes that the growth in these countries will be much higher than the world average by the year 2025, it is believed that luxury brands will be successful if they can prevent local competition (Goldman Sachs, June 2,2010).

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Table 4: Acquisitions in Luxury Industry and their cost from 1998 to present

Date	Acquiror	Target	EV (million)
13-Jan-98	HdP	Valentino	€ 255
13-Jan-99	LVMH	Gucci	€ 3.581
31-Aug-99	Prada	Jil Sander	€ 210
09-Sep-99	Prada	Church's	€ 165
09-Sep-99	LVMH	Thomas Pink	€ 67
18-Nov-99	Gucci	Sergio Rossi	€ 133
01-Dec-99	LVMH	Tag Heuer	€ 721
20-Jul-00	Richemont	LMH	€ 2.000
01-Apr-01	LVMH	Donna Karan	€ 326
01.May.01	P&G	Clairol	$4.950
09-Sep-01	PPR	Gucci	€ 9.254
01-Dec-02	PVH	Calvin Klein	$ 700
12-Jan-04	Gucci	Sergio Rossi	€ 137
01.Mar.04	PPR	Gucci	€ 9.012
01-Jul-05	Kao	Molton Brown	$ 284
01-Feb-07	Towerbrook Capital	Jimmy Choo	$ 185
01-Jun-07	Permira	Hugo Boss	€ 3.393
01-Jun-07	Permira	Valentino	€ 4.456
01-Jun-08	L'Oreal	YSL (Beaute)	$1.674
01-Jul-08	Courtin-Clarins family	Clarins	$3.033
01-Oct-08	Onward Holdings	Jil Sander	€ 167
15.Mar.10	PVH	Tommy Hilfiger	$3.100
15.Mar.10	Richemont	Net a Porter	£ 350

Source: Goldman Sachs, June 2,2010, Europe: Branded Consumer Goods: Luxury Goods

Even though the industry is conglomerate, firms that are run by boutique-style and are not scattered too much as a brand and product group in the market continue to exist with certain volume and consumer mass in the luxury industry (Goldman Sachs, June 2,2010).

In the luxury industry 5 percent of consumers make up the 50 percent of total purchase. This may not be true for each category, but it is a true fact that a only small mass makes huge purchases. Therefore, firms organize loyalty programs in order to retain this small elite customer mass. Consumers that have appeared recently will disappear soon or will cut down on their spendings. It is absolutely essential that the best way is to keep their consumption habits so that the industry can be maintained. Selecting the best consumers as target is good when the economy is normal, but it is even more important during recession periods. (Dewey,N. 2009).

CONCLUSIONS

Today's businesses have to be competitive in both when identifying the strategic targets at top levels, and making their medium term and long term plans which will help them achieve this vision. Another radically important factor which will help gain an advantage in global rivalry is brand management that is in accordance with the targets.

Technological developments and widespread of communication have started to reduce and eliminate the difference between goods and services. With the reduction of differences and increase in intensifying competition, the concept of brand has become a factor that allows businesses to gain a strategic advantage.

Businesses now need to accentuate their brands in order to prompt the interest, enthusiasm and buying habits of consumers in global markets. However, with the increase in the number of brands, it has been realized that differentiation of brands only in terms of functionality is not sufficient. Therefore, it can be argued that brand management is one of the most important strategic factors to gain and maintain a competitive advantage.

It can be clearly seen that businesses which have succeeded in brand management especially of differentiated products called luxury goods are noticeable with respect to acquiring and sustaining a competitive advantage.

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