THE ROLE OF BRANDING IN MARKETING STRATEGY

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Abstract:

In this paper I made a discussion concerning the importance of branding in the strategy of the company. Branding theory and practice evolved in the latest years, being considered a valuable marketing investment. Branding is essential in creating value for the products of a company. Branding is important because it gives meaning to the consumption process. Companies understood that selling without the presence of a strong brand is much more difficult. As a methodology I realized an intersection of the branding and marketing strategy theories. The result is that branding can be regarded as a tool that can enforce all resources of a company towards implementing the strategy.

Keywords: marketing strategy, branding, value in marketing

1. Considerations regarding the marketing strategy

The business strategy can be defined as a set of decisions and actions regarding the choice of means and necessary resources to attain the long run objectives of the company, so that the company will get the competitive advantage according to its mission (Nistorescu, 2009, p. 12).

Most of the business strategies are inadequate to the market conditions. They do not relate to the context, they are created inside out and not the other way around. Most business strategies are not willingly to embrace the challenges, to explore new things, to praise creativity. Instead they are focused on the routine tasks. The strategies are not properly fitted with the resources of the company and the changing premises of the markets they are envisioning.

As a consequence, in many cases, the strategies fail to reach their objectives. Strategies serve only as an indication of a possible course of action, but this course is deviated from, because those who are supposed to implement the strategy do not adhere to

this goals. Strategies require a long-term vision which is not easy to obtain (Fisk 2008, p. 123).

A vision means to formulate and to project a scenario into the future. This scenario must turn into a reality, so that the vision finds many adherents. A vision is to create and to impose a leadership of the market. But in many cases, companies understand to create so called "strategies" only to focus on short-term. Instead of creating the market, of setting proactive objectives, the strategy establishes objectives that are reactive.

The strategy must be fitted to the values, resources, competences and organizational culture of the organization. A good strategy must have originality. goals. logical coherence. must take considerations the risks and resources. must have flexibility (Lynch 2006, p.19). It should state how the company differs from its competitors and how theses differences are relevant for the public.

The place of marketing strategy in the corporate strategy can be defined as in the figure 1:

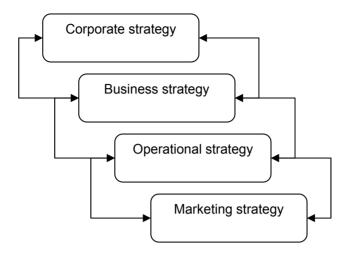


Figure 1. The place of marketing strategy in corporate strategy

Source: adaptated from Huff et al, Strategic Management, Logic and Action 2009, p. 15

The marketing strategic planning is an essential way of thinking and action, through which the managers are constantly looking for new challenges and opportunities and show flexibility in adopting and implementing the strategy (Barbu 2010, p. 79).

Marketing planning is a sequential process comprising many steps (figure 2).

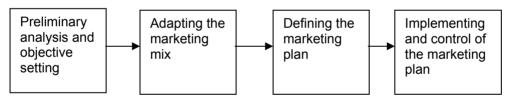


Figure 2. The sequence of planning in establishing the marketing strategy Source: Adapted from Sasu 2005, p. 294

The marketing strategy has a more functional and operative character, defining the brands, the products, the communications and distribution strategy, in order to obtain the desired success. One important issue is to anticipate and to meet the trends and opportunities of the markets, or to create new opportunities. But in most cases, the formulation of the strategy is focusing only on improving the existing results, which is focusing more on "how to" then "what to do".

Questions that need to be asked are: where are the best markets? What are the most profitable products? How

to create significance for our products? How to enhance the value of the brand?

The markets are the source of change, the sources of opportunities that companies need to capitalize. The best results can be obtained if the companies are able to track the changes in the environment and to adapt to them.

The companies must orientate from the old paradigm based on "core-competencies" to the new formula of "market-driven competencies". There is a balance between the two perspectives. The idea is that the position you are starting from defines

the framework of the actions to follow (Fisk 2008, p. 125).

The key to formulate and implement a successful strategy is to understand the markets the company operates in. The markets are the complete sources of information regarding possible challenges.

A market strategy has three main dimensions: where to compete? How to compete? and how to win? The answer to the first question is based on a complete analysis of the market potential, so that the companies are able to act only on the most profitable markets. How to compete refers to the operationalization of the marketing strategy: how to best serve the customers, thou enhancing the competitive advantage. How to win refers to finding the best solutions for overcoming the competition (figure 3).



Figure 3. Marketing strategy

Source: Adapted from Fisk 2008, p. 126

Marketing should be the leading force of the business strategy. Marketing deals with the markets and customers. Marketing is about the opportunities of the markets and the resources that are to be used to win the battle.

Marketing ideas need be orchestrated in a coherent strategy. The marketing strategy is about setting direction, the choice that need to be made, the differentiation on the market. Setting direction means to clarify the vision and the objectives, to ensure the clarity of the organizational mission, to set the pace of market adaptation. The choices that need to be made within a strategic framework relate to the clients that will be the first to be served, the brands and the products that the company needs to focus on.

Strategy is also about differentiation: to identify a viable source of competitive advantage and to make a sustainable profit from this choice (Fisk 2008, p. 122).

2. Branding in marketing strategy

The marketing activities are various and each one has its distinctive role in increasing the company's sales, both long-term and short-term.

In a limited manner, we can define marketing as the sum of all activities that have the role of preparing a product for sale and the role of sustaining a product's sales, as well. From this point of view, marketing is the sum of the marketing mix, from the traditional perspective: product policy, pricing policy, placement policy, promotion policy.

According to the American Marketing Association, marketing is a set of activities through which long-term value is created, for both the company and the client. From this perspective. the marketing effort should considered a long-term investment, that will bring together the company and the client, for the benefit of both parts (AMA, 2012). The marketing value is the sum of present and future profits (Figure 4).

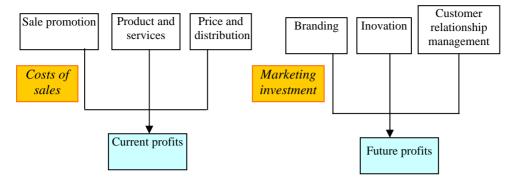


Figure 4. Value creation in marketing

Source: Adapted after Peter Fisk, Geniu în marketing, Meteor Press, Bucureşti, 2008, p. 65.

The investment for brand consolidation is a long-term activity, and so are innovation and customer relationship management. The brand consolidation stands at the base of the company's future profits.

The modern company, regardless if its activity, targets the domestic market or foreign market, must have as an objective the orientation towards values in the marketing process. This preoccupation implies: offering value to the clients, communicating and delivering the value, identifying the values desired by society, establishing the values that will be offered and the marketplaces.

The tendency of satisfying the customer reflects in the attempt to establish the present and future value demanded by him, the required quantity, the manner and moment of the value delivery.

Searching the value from the customer's point of view means establishing long-term mutualprofitable relationship. not the temptation to maximize the profit on every transaction. The importance of relationships, not of transaction, brings to the center of attention not the product, but the client, as a factor of obtaining the profit (Jugănaru 2007, p.40).

The value represents the entirety of satisfactions felt by the client, as a consequence of purchase of product. A product's value is the sum of three components: the functional attributes of the product (the intrinsic qualities), the additional services and the image attributes (Figure 5).

The functional attributes are related to meeting the basic functions of the product, for as long as possible. Therefore, the product must be capable of providing the utility for which it was designed, projected and produced.

The additional services represent the additional functions that the producer is offering, in order to make the product more desirable: the warranty, free delivery, information and consultancy services, installment payments.

The brand is represented by those product features (of fame, pride, affiliation) that are passed on to the client, at the moment of purchase or of consumption.

The execution of the marketing activities is taken place only at the level of additional services and of the brand. The functional attributes are well-known by the consumers and they can not help the product differentiation, except for new or high-tech products.

The functional attributes	The net value (the excess value)	
The additional services		Financial costs Temporal costs
The brand		Psychological costs Physical costs
The value product		Costs for obtaining the product

Figure 5. Value in marketing Sorce: Adaptated after Ph. Kotler 1997, p. 73

The costs for obtaining the products are divided into four categories: financial costs, temporal costs, psychological costs and physical costs.

The financial costs are the most important ones and have the biggest share; the company wants to maximize these expenses, meaning to obtain a price as high as possible.

The temporal costs refer to the time spent by the customer while informing about the qualities of the product, choosing different options, visiting different offers.

The psychological costs represent the client's anxiety towards a purchase of great value and of unlikely-repetition. Therefore, the client questions the following issues: will the product keep its qualities for a long time? Is the real quality of the product identical to the one promised by the producer? If any problems arise, will the producer respect the warranty?

The physical costs are the ones made by the client, while purchasing the products: lifting, moving, feeling cold or warm, depending on the season. The physical costs can become very important, if the client gets hurt while handling the product.

The difference between the product's total value and the product's total costs is called the net value or the consumer surplus. It must be kept in mind that no client will purchase the products, unless the total perceived value is higher than the total perceived costs of the product.

In order to increase the consumer's satisfaction and the perceived value, the companies have two choices: to either increase the product's total value and/or to reduce the client's costs.

The product value can be increased by offering additional services and by creating notoriety wide enough for the product. The functional attributes are constants and rarely vary.

Reducing the costs must be made on temporal, psychological and physical costs. The financial costs must remain constant or even increase, if possible. Figure 5 shows the brand's determent role in creating value for the customer. The brand increase value perception by the client and, in the same time, allows the company to ask for more money for its products and services.

3. Branding within corporations

Starting with the 60-ies, the consultants from Wolff Olins and the ones from Lippincott were discussing the brand as a business strategy, giving its capacity to create differentiation and competitive advantage (Bogdan, 2010, p. 32).

Branding means more than establishing the name for a company or for a product line. Branding is a long-term state of mind, that requires the management of the company's strategy, the coordination of its objectives and resources.

The brands are seeking to provide both tangible and intangible benefits to the customers, so that they adhere to the brand's ideals. The tangent directions between brand and strategy refer to the following: what product attributes must be materialized? What advantages are being created? What are the consumers' benefits? What are the brand's ideational values?

For many companies, the brand is perceived only as an external face of marketing, a colorful name and a nicely-designed package. But the brands' advantages are proved by the fact that unbranded products are much cheaper than branded ones.

A successful brand must assume the leadership for the product category that it belongs to. Brands must always bring innovation, make a difference, be meaningful. A brand is not just a simple participant on a market, it creates and manages the market through a vision of what the product category should be (Kapferer, 2008, p 32-33).

The bigger brands have a dominant position in the product category. From these positions, the

brands get energized and transform themselves, in order to make the connection between the company's products and the brand's ideals. This concept justifies the brands' existence and offers a clue about the brand's existence on the market. The branding of a company aims to form a positive and real image (Popescu 2011, p. 145).

We must not confuse the company's strategy with the brand's strategy. The brand's strategy is part of the company's strategy. The brand strategy has the capacity to reinforce from its own ideals and visions. The brands helps the company's resources and capabilities.

What brings closer the brand's products is not the label or the logo on the package, but rather the vision and ideals that keep them together. For instance, the VW brand consists of different types: Polo, Golf, Pasat, Beatle, Tiguan, Touareg, etc. Judging by external appearances, they are very different, but they resemble judging by conceptual values: the quality and durability of VW.

Most of the customers judge brands by their external appearances: which of us know what Zara or Nike or Dacia actually mean? Few of us are capable to relate with the brand's meanings, as they are set by top management.

Brand management consists of defining the essential values of a brand and then of converting them into visible aspects of the brand: name, logo, color, etc.

The watchword of every strategy is creating the competitive advantage. But any advantage has a limited time. The management practice has shown that is more wisely to use the concept of temporary advantages. Brands create a temporary advantage. But brands do not live forever. They need to be reinforced, updated from time to time.

The innovation outside the brand is far less likely to succeed. The brand is a very good mechanism for licence

protection. Nowdays, any innovation is reproduced. The product marketed under the brand's name is more protected from the competition. The consumers tend to be faithful to the most powerful product. We must remember the dispute between Apple the and Samsung, in smartphones, as Iphone is three times more expensive then the competition's best product.

Along the brand's life cycle, many products can be launched, some of which may be more successful than others. But what really last is the brand and the content of its meanings.

brand gives а strona impression, which allows a structure of long-term perceptions. Therefore, the brand creates a cognitive filter: the less pleasant and discordant aspects are being forgotten. Thereby, the failure of some brand extensions does not influence the brand perception very much. The BIC example is relevant: a company specialized in stationery will have difficulties in launching a perfume. The brand is more flexible than a product. After the atypical elements are eliminated, the brand perception creates illusion of permanence coherence. Resulting from this is the importance of establishing the brand's defining values. A brand represents the memory, but also the future of its described products. (Kapferer 2008, p. 37).

The companies must not go away from their identity, that helped them The consumers' attract customers. fidelity is created by following the brand's elements, the one that initially tempted the consumers. If the product does not rise to the clients' expectations, it is better to try to keep the initial promises, rather than try to change these expectations. In order to gain the clients' fidelity, the brands must be sincere with themselves.

Nowdays. the process production does not represent challenge anymore. The production is outsourced to the countries with low wages. At the current time, because of flattering consumption and competition, what really matters is creating the desires. From this point of view, the brand is essential for a company. The customers do not interact with the products and the services; they essentially attracted bγ emotions generated by brands.

The brand is the interface between the producer and the customer (Figure 6).

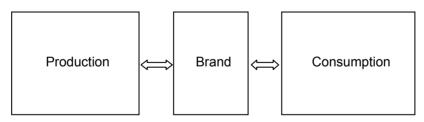


Figure 6. The brand, as an interface between production and consumption Source: Adapted from Kornberger 2010

The brand becomes the magnet required by the production with the intent to attract consumers (Kornberger 2010, p 21). The companies seek to maximize the points of contact with the brand, in order to generate the clients' attachment.

4. Conclusions

The brand is the guiding force that can bring together the general strategy of the company, the human resources, the operationalization of production, the marketing policies. The strategy seeks to accomplish the strategic objectives, in which category we can include the

increase of brand's notoriety. The human resources are involved in the brand's philosophy through the socalled brand engagement. Branding is essential for the reputation of the

company and its products. Branding, innovation and continue consumer care are key marketing investments, that can contribute to value creation in marketing.

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