

Building Brand Identity in IT Markets: a Conceptual Model

by

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Abstract. The purpose of this conceptual paper is to identify the key elements of brand building based on a literature review, preliminary surveys and a case study of successful IT brand in Bulgaria. The paper suggests a framework for building brand identity based on M²BC (Multimodal Brand Communication) model. A combined research and development process is conducted in order to derive M²BC conceptual model. This process integrates a broad literature search, incl. analysis of secondary data from Interbrand reports, followed by a different types of surveys based on RepBrand methodology, NetPromoter scale and other techniques for measuring brand reputation and brand identity. A case study of a popular Bulgarian IT brand is used to illustrate the importance of the key elements in building brands in highly competitive markets. The author concludes by discussing the possibilities for building brand identity in highly dynamic markets as well as the opportunities for further research.

Key words: brand identity, brand building, IT brands.

JEL classification: M31

1 Introduction

Research on corporate branding has, in recent years, demonstrated a growing reflexivity about how brands are perceived by various actors inside and outside organisations and their responses to those perceptions (Brown and Dacin, 1997). According to this line of thinking, the discipline of corporate branding needs to be understood not only as a means of positioning, marketing and 'selling' a certain set of associations and images to consumers, it should also consider how consumers, employees, shareholders, suppliers and other interested parties respond to a company based on what they think they know about it. The expression of an organisation's identity (or identities) through multiple channels, media platforms and business functions has, therefore, received increasing attention from scholars in corporate branding (Schultz, Hatch and Larsen, 2000). Because the organisation is now conceived of as an 'expressive' entity capable of influencing the opinions of a range of stakeholders, both internally and externally, several scholars have called for a more integrative and multidisciplinary approach to the study of organisational identity, an approach which can

more comprehensively articulate the ways in which organisations perceive themselves and how they want to be perceived by others (Dacin and Brown, 2002, 2006; Schultz, Hatch and Larsen, 2000).

According to the results of several research among CEOs conducted during the last few years companies react to the changing environment using crunch or agile management. Crunch management is used primarily in IT industry where the PLC is quite short and timing of the commercialisation of the new products is crucial. The criticism about it prevails over the praise. Agility management is better suited to cascading approach to change management. The six principles of agility include the following activities: 1/ establish leadership, 2/ create case for change, 3/ build partnerships, 4/ contextualise and prioritise solutions, 5/ mobilise capabilities and 6/ ensure continuity. The application of first two give as a result vision definition, the effect of the implementation of the next two comprises change programme while the last two affect the final result (organisational performance).

The modern challenges of the corporate marketing can be summarized as follows:

- New business models and marketing processes

In the theory and practice of the global business priorities (Kotler, 2004) marketing is considered to be not a monomodal system but a holistic representation of social development due to the following business conditions: 1/ development of original market-firm cultures / intraprocess collaboration; 2/ dynamic market recategorisation / determination of valuable positions under specific market demand; 3/ selecting target marketing capacities / modified market communication and market offers; 4/ re-focusing marketing strategic and tactical process – balance in relation “capacity / market environment / marketing goals / resources”; 5/ applied communications at individual brand level.

- Glocalization of marketing processes on international markets

We can outline these challenges as follows:

Firstly, transformation during change implementation requires involving the organisation across three phases of cascading management: preparing the ground for change, desing process and implementation.

Secondly, change programmes encounter rational and emotional impediments as the roll from the top team, through middle management, and down to the front lines. Middle management may believe that there aren't repercussions for not changing, doubt that programmes will deliver the expected results, and the fear that they will fail and lose their jobs. These reactions compromise middle management's ability to roll the change down to the front line. Frontline employees experience similar resistance.

Thirdly, successful change management should focus on interrelation between innovation, communication, and investment values within the economic value chain.

2 Theoretical perspectives on branding

Although the historical roots of branding can be traced back to the late 19th century with the development of branded consumer products

such as Gillette and Quaker Oats (Low and Fullerton 1994), researchers have only recently considered branding a “hot topic,” with many contemporary books discussing this concept (D. Aaker and Joachimsthaler 2000; D. Aaker 1996; Bedbury and Fenichell 2002; Carpenter, Glazer, and Nakamoto 1994; Kania 2001; Kapferer 1997; Upshaw 1995).

2.1 Brand and brand equity

According to the AMA, a brand is a ‘name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition’. Aaker’s definition of branding (1991) is one of the most widely accepted. He asserts that the primary role of a brand is to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. D. Aaker and Joachimsthaler (2000) provide a most useful supporting theoretical framework for this definition. Their theory of brand equity postulates that the value of a brand is derived from four main factors: brand awareness, perceived quality of the brand, brand associations and brand loyalty.

Table 1. Basic aspects of brand

| Author | Description |
|-----------------------------------|---|
| Achenbaum (1993) | “What distinguishes a brand from its unbranded commodity counterparts is the consumer’s perceptions and feelings about its characteristics, its name and its meaning, and the company associated to the brand”. |
| Aaker (1991) | A brand is a “a set of assets or liabilities linked to an identifying feature (trademark, name or mark) which add to (or reduce) the value generated by a product or service”. |
| Kotler (2002) | A brand is “a name, term, sign, symbol or design, or combination of the same, used to identify the products or services of a seller or group of sellers and distinguish them from those of their competitors”. |
| Séquela (2003) | Suggests the concept of the brand-person, as brand takes on not just the name but above all the “soul of the product”; the brand name can be linked to tangible characteristics, while the soul refers to the universe of closely connected values. |
| Pratesi and Mattia (2006) | “A brand has its own expressive meaning; it is therefore a combination of tangible and intangible signs and symbols which create its face and personality, as for a person”. |
| Fiocca, Marino and Testori (2007) | “For firm and consumers, the brand is a point of attraction and contact between what the firm is able to offer and what the consumers perceive and want”. |

According to the approach of Pratesi - Mattia (2006) a brand’s expressive capability lies in brand identity, brand image, and brand positioning. Brand identity depends on “the

combination of expressive elements which the company uses to communicate a brand's credentials", while the brand image is created by how consumers perceive the brand. Brand positioning refers to the actions taken to promote the brand's distinctive attributes in the eyes of potential purchasers. A brand may be positioned on the basis of attributes, benefits, value for money, problem solving or opportunities for use. While Pratesi and Mattia (2006, pp. 29-34) maintain that "positioning defines the perimeter within which the brand operates", according to Pastore and Vernuccio (2006, p. 111), brand positioning is a process which positions the brand in consumers' minds compared to competitors.

The notion of brand equity emerged in the 1980s. Advertising practitioners in the USA used the idea to counter emphasis on short-term results and consequent cuts in investment in brand advertising (Hayes and Abernathy, 1980). In order to convince senior managers of the long-term value of brand advertising and other marketing investments, it was argued that marketing needed financial measures of the value of these investments. Thus the term 'brand equity' was coined to refer to the brand's long-term customer franchise and the financial value of that franchise (Barwise, 1993).

Table 2. Basic aspects of brand equity

| Term | Description | Authors |
|--------------------|--|--|
| Customer equity | Focuses on the financial value of customers to an organisation | Blattberg and Deighton, 1996; Dorsch and Carlson, 1996; Rust, et al., 2000; Blattberg et al., 2001 |
| Marketplace equity | Represents the joint result of the investment in brand equity, channel equity, and reseller equity | Anderson and Narus, 1999 |
| Co-brand equity | Represents the additional value which comes not only from the joint brand relationships, but also from the network of other stakeholder relationships. | Wernerfelt, 1988 |

Marketing community has recently started to use the term equity to refer to the asset value of other marketing investments. Blattberg and Deighton (1996), Dorsch and Carlson (1996), Rust et al. (2000) and Blattberg et al. (2001) use the term 'customer equity' to focus on the financial value of customers to an organization, while Anderson and Narus (1999) use the term

'marketplace equity' to represent the joint result of the investment in brand equity, channel equity, and reseller equity.

The additional value or co-brand equity comes not only from the joint brand relationships, but also from the network of other stakeholder relationships. As with service and relational branding, brands symbolically represent trust and commitment in these relationships. Thus the corporate reputation and identity of the marketing organization play an important role. This type of marketing has been referred to as 'umbrella branding' (Wernerfelt, 1988) and in the empirical investigation by Erdem (1998) it was shown to play an important role in augmenting the individual brand's equity. There has been very little specific research that investigates the creation of value and co-brand equity in cooperative arrangements. While there has been research about brand alliances, it tends to focus on consumer-packaged goods with the models being based on microeconomic theory. Little explicit attention has been given to the relational aspects of branding in networks.

Author proposes that institutions can add value to the local brands through the process of trust-creation and commitment in these relationships as well as by stimulating cluster development through properly developed cluster branding strategy.

3 Methodology

The methodology is developed following the framework for building brand identity based on M²BC (Multimodal Brand Communication) model. A combined research and development process is conducted in order to derive M²BC conceptual model. This process integrates different types of surveys based on RepBrand methodology, NetPromoter scale and other techniques for measuring brand reputation and brand identity.

M²BC model (Figure 1) is based on the concept of corporate branding as a systematic management process which provides both customer benefits and marketing leadership. The architecture of the corporate branding is

constructed on the basis of the following interrelated components: brand positioning, strategic brand positions generated by marketing communications and marketing budgets. The dynamic interaction between these components in marketing management process of the companies is determined by the methodology which includes their multivalues in a relationship Innovation – Communications – Investments.

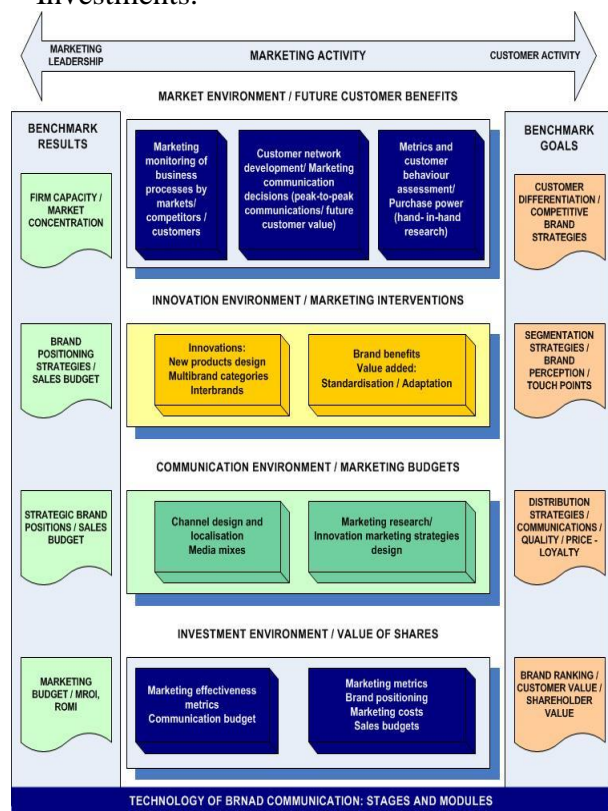


Figure 1. Multimodal Brand Communication (M^2BC) conceptual model

3.1 Research methods

Both qualitative and quantitative methods were employed in this research. **The qualitative study** involved in-depth interviews with brand experts as well as focus group interviews with customers. Five in-depth interviews with experts with expertise and experience in the field of brand communications and brand evaluation were conducted followed by two sessions of brainstorming after the field work. Four focus group discussions with customers were carried out. The main goal of focus group

discussions was to identify the factors which affect customer perceptions for brand value, brand reputation and brand preference, the importance of those factors and their attitudes toward the quality of IT brands.

The primary information for **the quantitative study** was collected through survey. The questionnaire was developed based on the results from qualitative study as well as the traditional brand metrics and measurement scales (Figure 2).

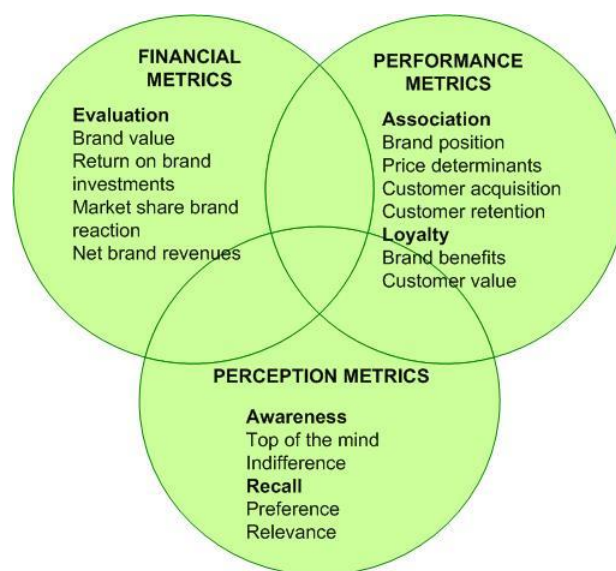


Figure 2. Core brand metrics

The emphasis was placed on perception metrics (brand recall, brand preference, willingness to recommend, trust) but few performance metrics (manufacturer approval measured as willingness to work there and trust measured as willingness to invest) were included as well. 7-point semantic differential scale was used for these metrics. Quality assessment of brands was included in the survey as well.

Data were collected by a combination of online surveys and face-to-face exit interviews. The research was limited to personal computers and laptops.

4 Results

The first panel of questions was intended to measure brand awareness and brand

comprehension. Brand awareness was measured as unaided recall, incl. top of the mind measure (ToM-score) (Figure 3 and Figure 4).

4.1 Brand awareness

The first three brands according to their ToM-score are HP, Acer and Asus.

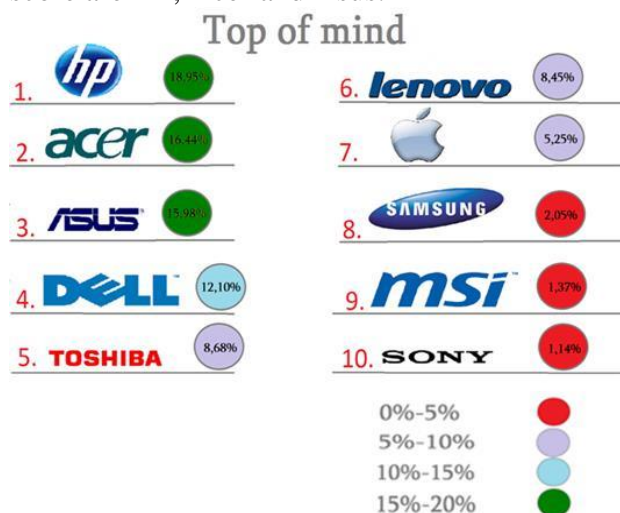


Figure 3. IT brand positioning in Bulgarian market: ToM

HP keeps the first place for unaided recall (share of mind - SOM) followed by Dell and Acer.



Figure 4. IT brand positioning in Bulgarian market: SOM

4.2 Brand preference and brand reputation

It was decided to divide researched brands into four segments based on their ToM-score (ToM

0-5%, ToM 5-10%, ToM 10-15%, and ToM 15-20%) for the purposes of further analysis.

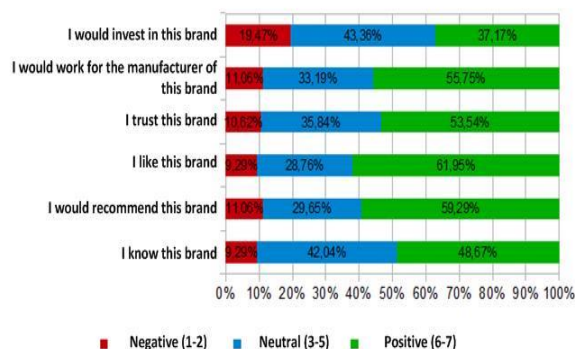


Figure 5. IT brand reputation: ToM 15-20% brand segment

Surprisingly, the most popular brands were evaluated positively by only 52.73% of the respondents. Based on these results we can suggest that a high score for brand awareness doesn't necessarily imply high score for brand reputation. ToM 15-20% brand segment shows the highest level of neutral attitude as well – 35.47% of the respondents. This could be explained partially by the communication noise since the popular brands are broadly discussed (WOM, social media, etc.) so customers who don't possess enough IT knowledge and skills sometimes are quite confused.

During the in-depth interviews brand experts revealed the fact that even the most popular brands demonstrate relatively high levels of consumer complaints toward their quality (sometimes up to 20% product returns).

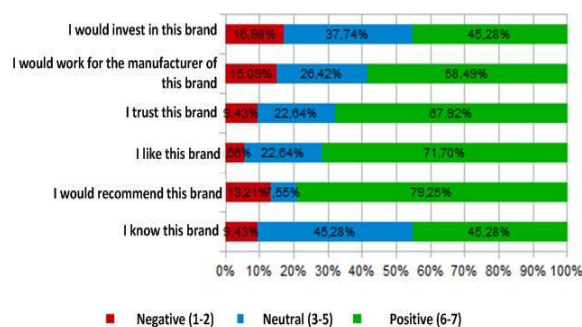


Figure 6. IT brand reputation: ToM 10-15% brand segment

The second brand segment could be determined as the most reputable with the lowest negative attitude (11.34% mean) and the highest

willingness to recommend score. Buying a computer (laptop) is a high involvement purchase situation where customers rely on advices given by their friends and relatives. That is why willingness to recommend is a critical factor for brand preference. Besides, it is considered as a measure for brand loyalty.

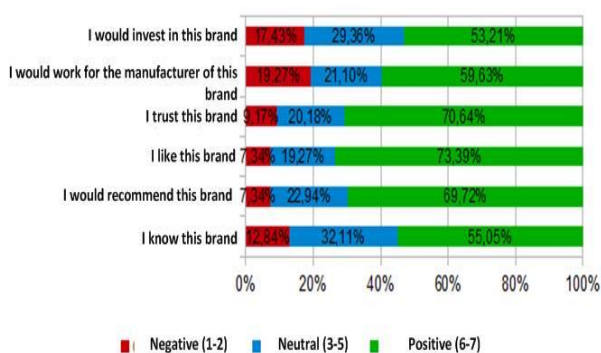


Figure 7. IT brand reputation: ToM 5-10% brand segment

Third brand segment ‘enjoys’ the highest level of positive attitudes – 63.61% of the respondents, especially for brand preference. We can suggest that customers who recall these brands are either brand loyal or they intend to buy that particular brand.

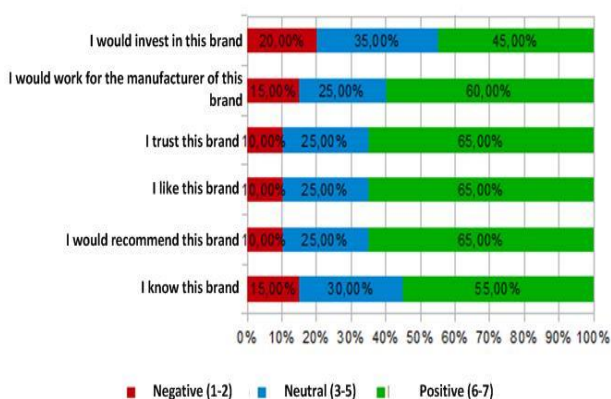


Figure 8. IT brand reputation: ToM 0-5% brand segment

The brand segment with the lowest ToM-score shows some controversial results. The average share of respondents with positive attitude is 59.17% which is less than brand sectors 2 and 3 but more than brand sector 1. Besides, the average share of respondents with negative attitude is the highest one among all brand segments.

When compare (Table 3) the Net score (Positive attitudes (5-6) minus Negative attitudes (1-2)) we can suggest a hypothesis that ToM-score doesn’t correlate unconditionally with brand reputation measures. ANOVA was used to test the hypothesis and it was confirmed that there is no significant statistical relation between ToM-score and brand reputation.

Table 3. Net score by brand metrics and brand segments, %

| | Brand Segment | | | |
|---|---------------|-----------|------------|------------|
| | 0-5% ToM | 5-10% ToM | 10-15% ToM | 15-20% ToM |
| I would invest in this brand | 25.00 | 35.78 | 28.30 | 17.70 |
| I would work for the manufacturer of this brand | 45.00 | 40.36 | 43.40 | 44.69 |
| I trust this brand | 55.00 | 61.47 | 58.49 | 42.92 |
| I like this brand | 55.00 | 66.05 | 66.04 | 52.66 |
| I would recommend this brand | 55.00 | 62.38 | 66.04 | 48.23 |
| I know this brand | 40.00 | 42.21 | 35.85 | 39.38 |

4.3 Brand evaluation

Quite often in high involvement purchase situations SOM correlates with SOW (share of wallet). The first three brands by ToM-score keep their places when SOW metric is used (Figure 9).

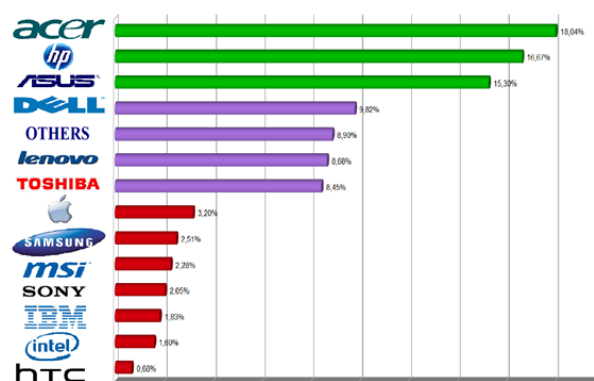


Figure 9. IT brand positioning: SOW

Results for perceived quality by brand segments confirm the conclusions from previous sections (Table 2).

Table 2. Overall brand quality assessment by brand segments

| Brand Segment | Overall quality evaluation | | |
|---------------|----------------------------|------------|-----------|
| 0-10% TOM | 85.45% | 9.09% | 5.45% |
| 10-15% TOM | 85.53% | 9.87% | 4.61% |
| 15-20% TOM | 80.82% | 15.07% | 4.11% |

There is no significant difference in overall quality evaluation between brand segments except the share of neutral respondents for 15-20% ToM-scored brands. A detailed information by brands is given in Table 3.

Table 3. Quality assessment by brands

| Brand Segment | Quality Assessment, % | | |
|-------------------|-----------------------|--------------|--------------|
| | Negative | Neutral | Positive |
| 15-20% ToM | 4.11 | 15.07 | 80.82 |
| Acer | 3.80 | 16.46 | 79.75 |
| Asus | 1.49 | 7.46 | 91.04 |
| HP | 6.85 | 20.55 | 72.60 |
| 10-15% ToM | 4.61 | 9.87 | 85.53 |
| Dell | 6.98 | 4.65 | 88.73 |
| Lenovo | - | 2.63 | 97.37 |
| Toshiba | 2.70 | 10.81 | 86.49 |
| Others | 8.82 | 23.53 | 67.65 |
| 5-10% ToM | | | |
| Apple | 7.14 | - | 92.86 |
| HTC | - | 33.33 | 66.67 |
| IBM | - | - | 100.00 |
| 0-5% ToM | | | |
| Samsung | - | - | 100.00 |
| MSI | 10.00 | 40.00 | 50.00 |
| Sony | 11.11 | - | 88.89 |

Repeat purchase intention was assessed as well. The results between brand segments are almost similar (Figure 10).

We can suggest that there is no relation between ToM-score and repeat purchase intention for analysed IT brands. When customers are satisfied with a particular brand, almost 70% will buy the same brand during their next purchase irrespective of the level of their brand awareness. Another suggestion is that quality is an important factor for buying computer/laptop but it is not the only one because 80 to 85% of the respondents are satisfied with the quality of their computer but only 69% will buy the same brand. The highest level of repeat purchase intention shows Sony (88.89%) followed by

Apple (85.71%), Samsung and Lenovo (81.82% and 81.58%).

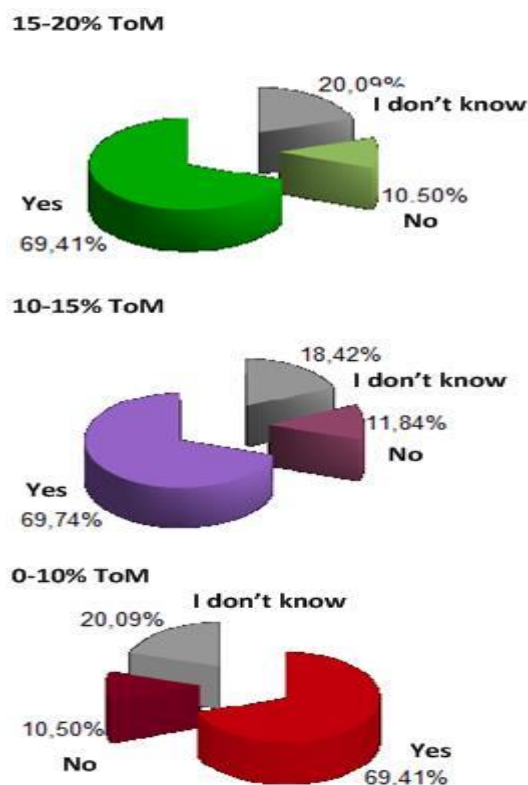


Figure 10. IT brand positioning: SOW

The advertising effect is measured as advertisement (ad) recall. 80.14% of the respondents remember that they have seen/heard an ad about computers/laptops but only 62% can recall the advertised brand.

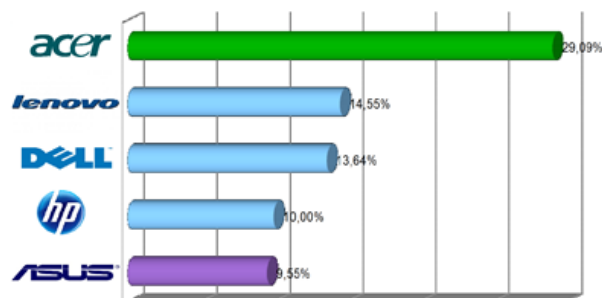


Figure 11. Top IT brand by ad recall

The ads of Acer, Dell and Lenovo obtain more than 50% positive reaction while the Asus ads are perceived rather negatively (42.86%).

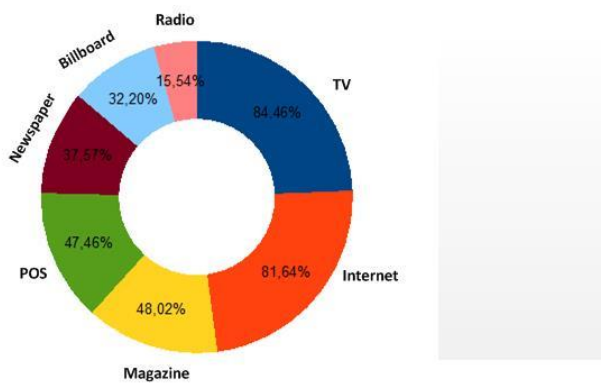


Figure 12. IT brands evaluation: media effectiveness

5 Conclusions

Brand communication planning and implementation is a challenging activity especially for products with short life cycles in highly competitive markets. The situation is hampered by the media saturation and the rise of social media and C2C communication patterns. Companies are forced to balance between their long-term marketing goals for providing higher brand value (added value for customers) and short-term goals for generating higher sales levels and shareholder returns.

It is possible to reach a 'win-win' situation but it requires top management involvement to integrate the corporate branding into strategic marketing process. Such a demanding task requires real-time reliable data about customer brand awareness, brand preference and purchase behaviour.

Our research revealed some interesting insights about abovementioned brand metrics in a case of high involvement products – computers/laptops in Bulgarian market. The main conclusions are as follows.

Firstly, high level of brand awareness doesn't necessarily mean that brands will be purchased but it can support present sales levels. Secondly, when customers are satisfied with product quality their repeat purchase intention level for the same brand is pretty high. Thirdly, companies should find a better media mix and creative strategy not only to reach customers but to create a stable brand position in their minds.

The results of present research are interesting, albeit limited to few IT products. Several hypotheses have been defined but they need to be tested in future.

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