

# HOW BRANDING HELPS ENTERPRISES ESTABLISH A STRONG POSITION IN THE GLOBAL BUSINESS INTEGRATION

by MEcon. HÀ ĐỨC LỘC & MEcon. HÀ DƯƠNG KHÁNH PHÚC

In the globally keen competition today, Vietnamese enterprises cannot ignore brand if they want to survive and later develop their business. Therefore, the article is to consider how branding can help companies have a well-established position in the market. We intend to discuss branding issues in current business environment to alert Vietnamese enterprises to consider brand as a strategic issue to its survival and development. The article is divided into two parts. The first part is about the review of branding. The second one will consider a practical example of a company's branding issues.

## I. INTRODUCTION TO BRANDING

### 1. What a brand

When a person heard about top brands, they usually see that those brands consist of some qualitative criteria such as market leadership, high quality product, high competitive advantage, international reach, etc. Or in common sense, they think of brand as an image of a well-known product.

So, what is a brand? Technically, Philip Kotler defined brand as a name, term, sign, symbol, or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. Is that all about brand? If it is, brand decisions seem to be very simple. All corporations do not have to spend much money each year to build up a strong brand or one company does not have to pay huge amount of money to pay to some company in which brand value accounts for a big part of the amount they paid. Take some examples; few years ago, in Vietnam, Unilever paid some millions of dollars to buy the brand P/S. Internationally, big acquisition of Kraft by Philip Morris get us attention when its premium paid for the brand names owned by Kraft was four times over the tangible assets. The question here is how such names are worth so much? The underlying answer is the brand can bring the takeover company superior level of profit in the long run.

### 2. Why branding

a. Branding and marketing

Marketing is the management process by which individuals or groups obtain their objectives through creating and delivering customer satisfaction. In this sense, branding is a non-detachable part of marketing.

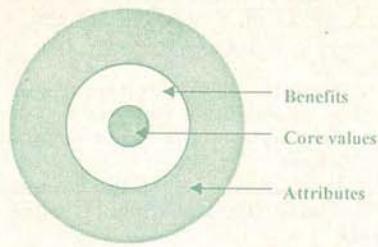
Why brand? Brand is the means of delivering satisfaction. It is about the way customers perceive, not only about physical product in isolation. It can help the customers decide to buy specific products or services of some companies without spending time on shopping around and devoting serious analysis of the choice in the product category. For the customers, it is one of the ways to save time, energy and money on choosing a product, service. It gives them trust and low risk choice. In return, it creates customers' loyalty to the producers.

### 3. Brand mapping

In order to have a clear image of a brand, we can do an anatomy for a brand. Based on what customers perceived a brand, we can categorize the brands into three levels:

- Core value
- Benefits
- Attributes

Figure 1.1: Brand mapping



Let's take an example of brand mapping of Marlboro with figure 1.1:

- Core value: strength and independence
- Benefits: masculine, strong flavor in use, sense of freedom and strength, boldness and independence
- Attributes: red of graphic, red and white packaging, strength and flavor of blend, Marlboro country, male, sport activities, cowboy.

Core value is what makes the customers be loyalty to the brand of products, services or even the corporate brand. It makes the company or product distinctive within its market. It is the "personality" of the brand and brings the most part of brand equity to the company. Let's take an example of Gillette brand. In

our point of view, its core value is safety and high-tech. We can recognize this through its mission statement and product development of the company, especially in the razor category.

The second part is the benefits that a brand brings to the customers. It is what a brand claims to meet the wants and needs of the customers.

The last outer ring is the attributes of the brand. They must be consistent with the two previous ones.

Power of brand could have the following effects on Vietnamese companies in the integration into the global business:

- Survival in the intense competition
- Longevity: both product and corporate brand
- Transportability across countries
- Distribution power
- Customer loyalty
- Financial rewards

## II. HOW TO DO BRANDING FOR VIETNAMESE COMPANIES

### 1. The situation of the world and Vietnamese business

Vietnam is in the process of integration into the world. It is trying to open the economy to the world. To

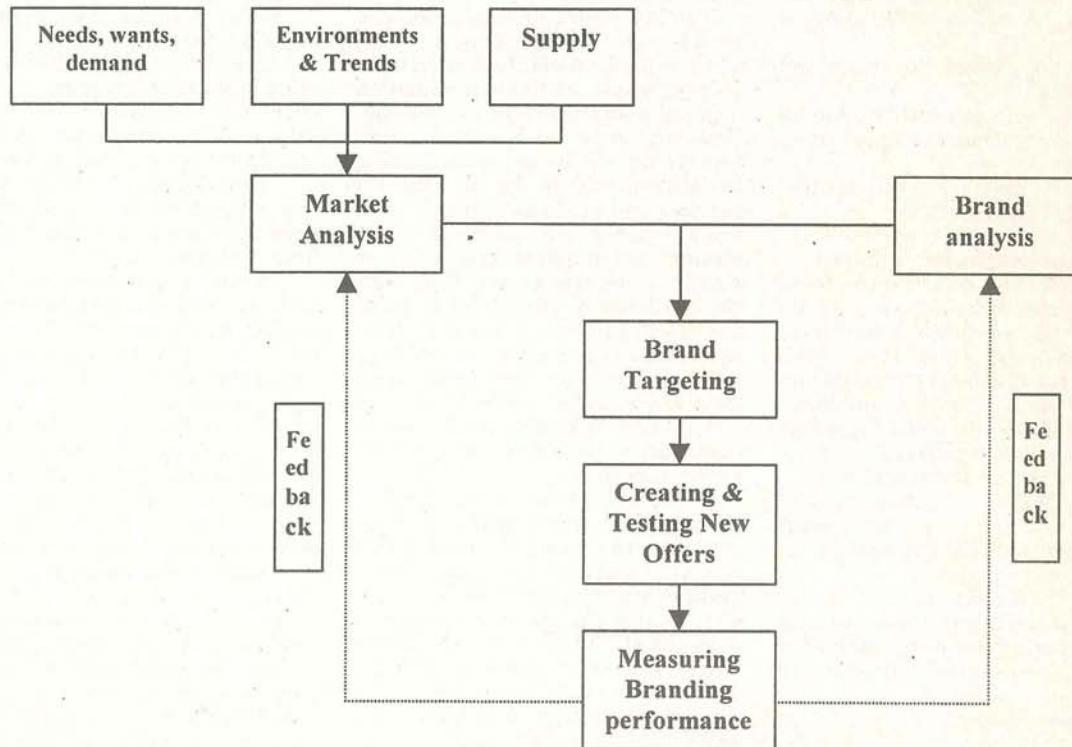
develop the economy, the government has been attracting the investors to invest in Vietnam, stipulating privatization, investing in human resource development and management, etc. These are its efforts to prepare for AFTA participation and global competition. On the enterprises' side, many of them recognized the challenges and opportunities when the economy is open to the world. They understand that their market now become global, not domestic anymore. Any companies can join the market with no difficulty. Especially when AFTA becomes a reality, it cannot be protected by the government's tax against its competitors in ASEAN. So, there is only one way to go: fight or die even it is realistic that most of Vietnamese companies are late movers. Branding is one part of the fighting that the companies do to compete in the market.

### 2. How to do branding in the globally intense competition today

In order to do a good branding management, Vietnamese enterprises needs to consider the following issues (Figure 1.2):

- Market analysis
- Brand situation analysis
- Brand targeting
- Testing new offers
- Delivering and evaluating performance

Figure 1.2: Brand management process



#### a. Market analysis

In this section, the company should do:

- A research on competitors in the market
- A research on environment and trends to identify their potential effects on the brand
- A research on consumer behavior toward the products' brand

##### (1) Environment and trends

For doing research on environment and trends, the company can withdraw insights from the marketing plan to identify what market opportunities and threats are available in the market. Some main factors that the company should pay attention to are:

- Economic
- Natural
- Demographic
- Technological
- Political/legal
- Socio-cultural

It depends on the field in which the company doing business that it should pay attention to and the trends of each market. For example, with food processing industry, Vietnamese companies should consider carefully the sanitary issues when they want to enter markets like EU or US. So, when they build up a brand, they need to focus on safety issues for their products.

Some big trends in the world that Vietnamese enterprises should pay attention to when developing a brand:

- Shorter product life cycles and productivity
- Digital economy with the revolution and development of information technology

- Greater customer sophistication and market fragmentation
- Globalization of brand

##### (2) Consumer buying behavior

The company should understand the consumer behavior through its research on consumer behavior to support its market and brand positioning. Its consumer behavior research helps to create brand mapping to setup successful branding strategy and management.

##### (3) Research on competitors

This consists of information of competitors' action in the market and the major part of that is the competitors' brand position.

From the market analysis, we can have a result of segmentation to combine with brand analysis of the company to decide which direction to move.

#### b. Brand analysis

This section involves analysis of strengths and weaknesses of the brand the company wants to create or develop. It will give us the brand perception. It will answer the question why the brands are there in the market. It links between company's operations, brand attributes and market focus and competitor brands that are judged by the consumers about the product category.

#### c. Brand positioning

Positioning is a very important part of making the brand having competitive advantage. After establishing a brand personality, the company has to position the brand in the mind of the target customers. It will offer the target customers the image of the brand and why they should choose it instead of competing brands. The key points to consider when positioning a brand are:

(1) It is a strategic, not tactical activity and creates competitive advantage to the company: It requires complete understanding of the current and desired images of the brand and those of its competitors. Positioning is the way to allow the brand to have a unique image in the customers' minds. A new product can be easily imitated by competitors but positioning is different. It is a way of customers' satisfaction, desire and trust or even loyalty to the brand. And the final objective is the competitive advantage.

(2) The result of this process is brand image and reputation: With the development of information technology, people are full of information from all competitors in the market. However, they do not have much time to try all the products, looking for all information for all kinds of services and products they need and want together with their other constraints or requirements such as money, taste, trends, etc. Therefore, the challenge to position is to make the brand in front of the customers with positive points and lower or no negative ones in comparison with their competitors. It should be consistent and attractive to the target customers to bring brand equity back to the company.

(3) Brand repositioning: With the change of the environment and competition, the company sometimes needs to reposition to assure competitive advantage and customer loyalty. That's why the company needs feedback all the times to have corrective action or change management to assure sustainable brand image.

#### d. Brand testing and implementation

Sales promotion and advertising will bring and build up the brand in the minds of the customers. In this part, we think that there are three main activities companies should consider:

- Objectives of promotion and supporting marketing activities
- Allocation of the brand promotion budget
- Implementation of the promotion or advertising to establish brand image

#### e. Measuring brand success

In order to measure the success of brand we can use qualitative and quantitative researches. Quantitative research for a brand success needs to answer the following points:

- The size of the market for a brand category before and after a branding implementation and for a period of time.
- Who buys what and at what price
- Where and how these customers can be reached
- Customer loyalty

The research involves scaled questionnaires to assess the degree of brand awareness and the strength of people's preferences for different brand attributes.

Qualitative research explains why something is happening. This type is more dependent on face-to-face discussions and less structured methodology.

Some criteria for estimating brand success are:

- Brand that is excellent in delivering customers' expectations should offer what customers desire and value to make sure customers are satisfied with what brand do for them.
- Brand that is positioned properly should be well positioned in proper market niches and distinctive from competing brands.

- Brand is consistent and persistent: marketing activities should not conflict with branding objectives and persistent at building up brand image in the minds of the customers.

- Brand is strategic and long term: it is not tactical but for long term and sustainable advantage.

- Companies utilize all marketing activities to build brand equity: marketing must enhance consumer awareness and image of the brand.

- Companies monitor sources of brand equity business environment to reduce risks: they need to identify where brand equity derive from and monitor potential risks and identify opportunities to increase value of brand equity. ■