

# Attaining Competitive Advantage through Successful Brand Building

The role and valuation of brands has recently become a controversial issue. Meanwhile Major brands represent significant commercial value to their owners. In addition every organization in the world try to develop successful brands to their products and services in order to obtain competitive advantage in the market place. In Sri Lankan market there are several successful brands that can be identified in different industries. These brands provide additional value to their basic products within different consumer groups. For an example Odel is reputed brand in Sri Lanka. It provides magnificent emotional value to urban youth generation and creates different culture among teenagers. Sometimes the different brands in the same industry provide their inherent value to mass customer groups. Even though In Sri Lankan biscuit market Manchee and Maliban are handling a duopoly and they provide different values to the customers i.e. Manchee perceived as innovative brands while Maliban perceived as quality products with traditional image. And also successful brands have the capacity to increase the value of tangible products. For example products like BMW cars and IBM computers are not significantly better than rivals, but customers pay attention significantly more for them. (Levitt, 1983). The main advantage of the branding is creating competitive advantage in the market. Competitive advantage is obtaining unique advantage over the competitors in the market place. However brand building is a difficult task because of it requires huge investment and it takes long time period. With this background of above matter, this paper intended to take overview of basic branding concepts and strategies for brand building in order to creating competitive advantage in the marketplace.

## What is Branding?

This is the use of techniques by which a company, organization or product distinguishes itself from others. This is how to expresses its identity and function in its market. In modern marketing thinking branding is the process of identifying and differentiation a product or service, and establishing its uniqueness. In practice, of course, we know it's much more than that. There are considerable debates as to when the process of branding began. It has been argued (Griffiths,

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1992) that Sunlight soap was one of the first true brands in the world. William Lever recognized that consumers were dissatisfied with the characteristics of unbranded soap products then available. They were consistent in quality, smelt, unpleasant, offered no consistency in weight and no packaging. Products were produced by a crude process of mixing tallow and the remnants of raw alkali in large cauldrons in to large bars, which were to be sliced into lengths by the grocer. The Sunlight brand remedied these defects. In February 1884 Lever registered the brand name and in 1885 created the formula comprising the mix of coconut and cottonseed oil, resin and tallow. The formula remained unchanged for many years. By 1890s, the company was producing nearly 40,000 tons of soap. The process followed by Lever, encapsulates some of the role of branding.

Rosser Reeves and David Ogilvy are the two gurus for primary responsible for the modern concept of branding. Reeves seek to establish the branding of the product by means of facts and reasons. Ogilvy seeks to make a product famous in its market by the impact of emotion. But in the reality branding is a mixture of these two concepts. It is a process of presenting company's product to its customers, with strong reasons for trying or buying it; seducing them into it.

A successful brand has been defined in several ways. According to de Chernatony and McDonald (1992) A successful brand is an identifiable products, service, person or place, augmented in such a way that the buyer or user perceives relevant unique added values which match their most closely. Furthermore, its success results from being able to sustain these added values in the face of fierce and dynamic competition. But in general successful

brand can be defined as name, symbol, design, or certain combinations, which identifies the 'product' of a particular organization as it is having a sustainable differential advantage. 'Differential' advantages means simply that customers have a reason for preferring that brand to competitor's brands. 'Sustainable' means an advantage that is not easy copied by competitors. Because that is the business creates barriers to entry, for example by developing and outstanding reputation or image for quality, service or reliability. Brands like IBM, Coca Cola, and Sony in the world market are successful brands because they have such sustainable differential advantage. In Sri Lankan market brand like Panadol, Anchor, Sunlight, Sirasa and Morteen can be considered as

successful brands in terms of sustainable differential advantages. Some brands are not successful because of it obtains differential advantages without sustainability.

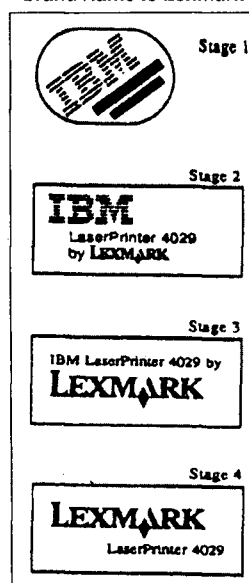
## The essential elements of successful branding

Some essential elements can be identified in successful branding. These elements help to develop value and image of the brand. In the other words any successful brands in the world should be consisted of three-main elements such as Identity, Differentiation, Uniqueness.

**Identity** – Brand should have its own identity with establishment, firmness, and unambiguous, the identity of products, service or company and its distinct personality. Brand identity

can be developed through factors like brand name, Logo, and Product quality etc. And also when company is changing its brand name or introducing new brands to its product mix, it is important to maintain its brand identity. For an example when IBM introduces their new Lexmark laser printer, they did it under differential threshold of consumers without damage their brand identity. (Figure 01)

Figure 01  
Gradual change in IBM brand Name to Lexmark



Source : Schiffman & Kanuk (1997)

This process consists of four main stages. In first stage the company used IBM as its parent brand name. After that gradually converted brand name as Lexmark using three evolution stages.

**Differentiation** – This refers to act of designing set of meaningful differences to distinguish the company's brands from competitor's brands. It can be achieved through changing product features, performance quality, style and service etc. MacDonald's has differentiated its brand through customer service. As well as IBM differentiates its brand through professionalism.

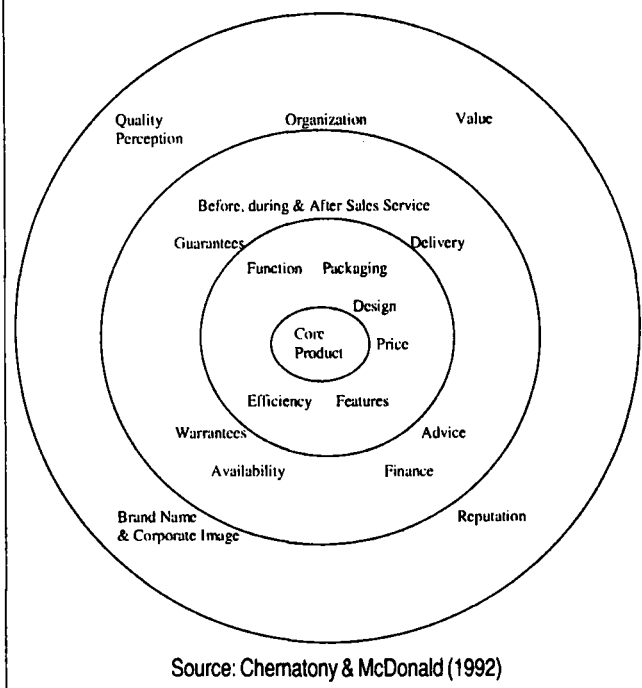
**Uniqueness** – Uniqueness is a particular feature that is developing the self-identity for the brands for this purpose organization can create identical statements themes with their promotional campaign. For example British airways promotes its brand as world favorite Air Line and develops the integrated marketing communication campaigns to positioning its brand as more prestige. Due to these strategies the customer loyalty will increase in view of uniqueness of brand.

#### Creation of Successful brands

The successful brands are not invented. Those are created with long-term efforts with different features and activities around the core product. The center of the branding task is core product. (Tangible product) Other features and activities around core product can be considered as dimensions of branding. This may or may not be different from the products of competitive manufacturers. Indeed, increasingly, it is unlikely that there will be any significant difference at a level which consumer can discriminate. A company to distinguish its product or service from those of its competitors can use any or each of these important dimensions. These are visually depicted in **Figure 02**.

The first layer around the core product can be considered as basic brand. Other two layers represent augmented and potential brand. The core of every brand is tangible product – the commodity that meets the basic customer needs. But to generate the sales in a competitive environment, this tangible product has to be put in the form of basic brand. Those of tangible product will not be unique variable to create a successful brand. Therefore any marketer should consider basic, augmented and potential brands in addition to tangible product. (See **Figure 02**)

**Figure 02: Dimensions of Branding**



Source: Chematony & McDonald (1992)

Advertising rarely creates brands. This is often misunderstood because the advertising is generally much more visible than the factor which creates the differential advantage. For example Singapore Airlines is strong brand in the world and does some attractive advertisement. But their basis of the brand is the superior customer service of cabin staff. And also one of the UK brands – Marks and Spenser – has done little bit or no advertising at all.

In addition some dimensions are important to develop successful brands relating to above common layers of brands.

#### Quality as a strategy

Quality means fitness for uses. Quality output can be created through aesthetic aspects, taste, appearance, reliability etc. However the most important determinant of brand is its perceived quality. The quality generates higher margins in either or both two ways, first, quality boots market share, which result lower unit costs through economies of scale. Second by creating differential advantages it permits higher relative price. Most of successful brands in the world have been developed as high quality products and ser-

vices. For example the winning brands of SLIM Brand excellence 2002 (**Table 03**) can be considered as quality products or services in the Sri Lankan market.

**Designing superior Service**  
Service is perhaps the most sustainable differential advantage. While products are easily copied by competitors, service because it depends on culture of organization and training and attitudes of its employees, is much more difficult. LG, Cargils, Keels, & McDonald's are all brands build on service in Sri Lankan market. A study by Albrecht and Zemark (1985) shows the important of the service. Of those who did feel unhappy, with the service provided by bank hotel or suppliers, only 04 percent bothered to complain – they just did not expect any satisfaction. Of those that did

not complain, 91 percent dropped the brand permanently. But, interesting suppliers who dealt with complaints fast and generously held in to the vast majority of dissatisfied customer.

#### Introduction of pioneer concept

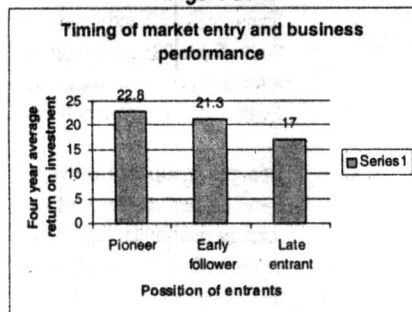
Perhaps the most common means of building an outstanding brand are being first into the market. This does not mean being technology first, but rather being first in to the mind of customers. Brands like IBM, McDonald's, Casio etc did not invent their respective products, but they were first to build major brands out of them and bring them in to mass market. It is much easier to build strong brand in the consumers mind and

**Table 03 Winning Brand in Sri Lanka - 2002**

| Position                      | Brand Name & Company  |
|-------------------------------|---|
| Brand of the year             | "Hapan" – NSB   |
| Product Brands of the year    | Manchee Lemon puff<br>Manchee Corporate Brand<br>Surf Excel – Unilever Ceylon Ltd<br>EGB – Ceylon Cold Stores |
| Service Brand of the Year     | "Hapan" – NSB<br>Not Selected<br>Western Union – Seylan Bank  |
| Innovative Brand of the year  | "Hapan" – NSB   |
| New Entrant Brand of the Year | "Ithuru Mithuru" – NSB  |

Source: News letter of SLIM, December 2002

**Figure 04**



Source: Clifford and Cavanagh, 1985

the market, when the brand has not been established customers. This is why Clifford and Cavanagh (1985) found that pioneering brands earned on average more than one third higher returns on investment than late entrants. (Figure 04)

According to the above empirical data regarding the timing of market entry and business performance of four year average ROI is higher than early followers and late entrants.

However there are several ways getting there first such as exploiting new technology, new position concepts, new distributing channels, new market segments and exploiting gaps created by sudden environmental changers.

**Look for differentiation**

In building brands the key factor is to invest in markets which are highly differentiated or where such differentiation can be exercised. The product can be differentiated by the organization through quality service, style, technological, innovativeness etc.

**Brand - Extension strategies.**

Brand- Extension strategies are another controversial area in branding. Brand extension means transferring, the name of a successful brand to additional products possessed by the company. The advantages of such extensions may encourage customer confidence in a new product; create scale economies in advertising and promotion open up distribution and retail channels etc. The dangers are that it confuses the brand identity and can degrade the reputation of a successful brand.

Thus the problem knowing the principles related

to striking the balance. The right approach depends on the similarity of the positioning strategies of the brands. Four brand-extension options can be identified (Figure 05):

**Company or range name** - If the brands appeal to the same target market segment and have the same differential advantage, then they can safely share the same company name or range Name. Here, there is consistency in the position strategies. Example of this type of extension would include IBM, Dunhill and Sony-the same name applied to different products.

**Company plus grade id** - If the differential advantage is the same but the target market differs, then the company name can be extended because benefits are similar. However it is important to identify the 'grade' For example, both the Mercedes - Benz

**Conclusion**

Today most profitable products in the market have developed successful brands. The growth based upon continuously developing successful brands appears to provide a securer foundation than that based upon unrelated acquisitions or new untried products. Successful brands are built upon the principle of seeking to build sustainable differential advantages for the customer. The levers for developing such brands are four such as quality, service, innovation and differentiation. Strategies based upon acquiring brands generally geared to satisfying the interest of the stock market rather than the long-term interests of customers. The danger of the brand in the balance sheet argument is that it leads to weaker rather than stronger branding strategies. Finally, on brand-extension strategies, there are real ad-

Similar  
Target Market Segment  
Different

| Brand-Extension Strategies  |   |
|---|---|
| Differential Advantage  |   |
| Similar   | Different   |
| Company or Range Name (IBM, Timotei)                                | Company Plus Brands (Kellogg's Cornflakes, Kellogg's Rice Krispies) |
| COMPANY PLUS GRADE ID (Mercedes Benz A-class S-class, E-class etc.) | MULTI BRANDING (Sunlight, Rin, Surf Exel, Kist, Astra etc)          |

**Figure 05 - Brand-extension strategies**

200 and 500 series offer deferential average based upon quality, but the more expensive 500 series appeal to a much more prestigious segment of the market. The supplemental number acts to preserve the prestige positioning of the letter marque.

**Company plus brands** - If company has different differential advantages, then it should use separate brand names. It can find some synergy if the brand are appealing to the same target market, by using same company name with separate brand names. For example different brands of Kellogg's may well be selected with in the same family unit.

**Multi branding** - if both target customers and the differential advantages are different, then using unique brand names is logically the most appropriate strategy. So companies like Procter & Gamble, Unilever etc believe that are worth losing out on the advantages of a common cooperate name in order to separate position the brand in the market- to give each brand a distinct positioning appeal to a separate benefit segment. Similarly, Honda has developed separately its Acura brand because it wished uniquely to position it away from its existing models.

vantages in brand sharing a corporate logo, but care is required in not eroding a successful brand's unique positioning.

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