

## Management of Socio-Economic Components of Branding in the Company

<sup>1</sup>Ernst Raisovich Safargaliev and <sup>2</sup>Yuliya Valeryevna Komarova

<sup>1</sup>Kazan (Volga region) Federal University, Kazan, Russia

<sup>2</sup>Institute of Economics,

The Ural Branch of Russian Academy of Sciences, Ekaterinburg, Russia

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**Abstract:** The article is devoted to defining of an essence of brand as the single whole integrity of socio-economic promises to a consumer. In this connection the analysis of notion 'branding' is made. The authors give their own interpretation of branding as strategic process. The relationship between brand and consumer is revealed which is built in inter-influence from both sides. It is emphasized that the more stronger this relationship is the more stronger the brand will be.

**Key words:** Branding • Brand • Strategic management • Unsatisfied needs • Consumer

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### INTRODUCTION

One of the key factors of a forming of supply is profit because obtaining of it is the purpose of any commercial organization. Ambition to obtain this profit will move the producer to increase volumes of production, necessary for consumers, reduction of production costs, which in the conditions of competitiveness allows not only to reach company's aim but to satisfy public needs as well.

Producer of goods must take into consideration the wishes and demands of the consumers because otherwise the products will not be sold as the customer buys not just a product but some benefit [1]. Feeling lack of something a man tries either to satisfy this need and looks for an object which can do that or suppresses this need. If there is an opportunity to satisfy his needs the consumer must choose among large quantity of the goods offered. Brand is intended to point out to this minor difference and facilitates choosing a product from a number of analogues. Brand not only demonstrates and defines advantages and demands obtained from buying its product, it is intended do them understandable for the consumer. When brand is properly positioned in people's mind and creates loyalty of the consumer brand becomes a competitive advantage of a producer - it means that customer prefers branded product to all others.

Brand forms definite emotional, psychological and social promises to the consumer. Emotional ones bring additional positive emotions to the consumer.

Psychological promises consolidate belief in oneself, social component help to define one's position in a society and demonstrate it to other people. Purchasing different goods a man, first of all, experiences emotions which are absent in ordinary life and, secondly, he positions himself demonstrating the place which he takes in the society or his social status. Purchasing products of specific brand the consumer tells everybody about his social status, his belonging to some class, demonstrates level of his well-being, his values and ways of life.

Brand, as a real object of buy-purchase processes, is considered as intangible "asset" influencing the money inflows of organization [2]. "Brand nowadays is integral part of company's assets; branding is one of the tools of doing business effectively" [3]. The base of this influence is loyalty of the consumers to their brand: the more is number of loyal consumers attracted by the brand the more stable and continuous the money inflow of the company will be.

**Main Part:** Brand influencing the consumer is a subject of consumer's return influence in the same time. In order to allow brand to find its consumers the target audience must be defined properly: original pre-conditions for brand' appearance are determined by consumer's needs. It must be taken into consideration that consumer will not buy goods which he does not need. It is common knowledge that consumer buys not just products but the opportunities to fulfill his wishes and satisfy his needs.

Therefore understanding of consumer characteristics will allow to build foundation for further forming of a brand. Here the relationship #1 is formed - between the company and the consumer through the brand as intermediary.

Having entered customer's life brand actively influences it on subconscious and psychological level and becomes a part of ordinary life-buying brands becomes a way to express oneself.

Relationship#2 is formed when brand influences consumer in return. And producer's task is to form positive impressions in the course of this interaction between consumer and brand and to allow consumer to establish some relations with brand. It means monitoring of consumers' opinions, their preferences in regard to what exactly image of brand is formed, which main functions it performs. This relationship between brand and consumer must be as strong as possible and in this case the brand itself will be very strong. "The key factor here is to understanding that all strength and main values of a trade-mark needed by the company belong to the consumer" [4].

Process of creation and development of brands in the company is realized by means of branding. The notion "branding" appeared very long time ago. It became more complicated and in its development passed through several stages. Nowadays there is no uniform opinion of what place of branding in scientific disciplines is. Today most of goods and services are bought, not sold. And branding accelerates this process greatly. In consumer's mind branding act as an auction: defines selling price for a service or product.

Authors of this work have made comparative analysis of the notion "branding" in scientific literature and showed the results of this analysis in the Table 1 [5-8].

Nowadays branding is one of business tools which means that if brand brings no profit it is of no value for an organization, therefore one of the most important components of branding process is its economic contents. In other words branding is one of the most important tools of company management and brand is intangible assets of this company [4]. Consumer as origin of information about his unsatisfied needs influence formation of specific brand. Established long-term trust-based relationship is able to "tie" brand to consumer.

If in the process of branding the company reacts quite properly to social mindsets of a consumer it will guarantee effective existence of brand in the market: the consumers choose brands with high value for themselves. Loyalty of a consumer to a brand expressed in intangible categories in its turn transforms into economic benefit for the company: branding brings profit and is "felt" in company's assets.

Social and economic component of branding, in our opinion, enables to form bilateral relations between company and a consumer which are beneficial for both. Looking at this relationship we come to conclusion that branding is a strategic process intended for creation of unique image of a product, influencing consumer in synthetic way and therefore having some psychological and emotional attractiveness, process which suggests permanent management of brand and directed to its development and transformation.

It is necessary to stress that branding process is next after the process of design and production which in optimal way satisfies the needs of target audience. Many authors forget about it while the characteristics of the product itself must be regarded as a base for its brand and be creatively comprehended.

Table 1: Essence of branding as a notion

Author	Definition	Advantages	Disadvantages
A. Volkov	Branding is a process of forming, promotion and development of some trade mark	Branding is viewed as a process	The product - base of brand - is out of analysis. Consumer as object of influence is not taken into consideration. Process means that creative component is missed
Yu. Kuznetsova	Branding is a process of brand management, based on joint reinforced influence of different ways of promotion on the consumer	Branding is viewed as a process. Object of influence is shown - consumer	Product is out of analysis. Process of direct forming of brand is out of focus.
V. Tamberg and A. Badyin	Branding is a process of creation and further management of unique object of consumption which is attractive for consumer and has an added value.	Branding is viewed as a process. Object of influence is shown-consumer. Value character of brand is emphasized.	Product is out of focus
D. Randell	Branding is a fundamental strategic process including all aspects of company's activity	Branding is viewed as a process.	Very broad definition. Particularities which makes a border between process of company management and branding are not shown. Product - base of a brand is out of focus. Consumer as object of influence is not considered

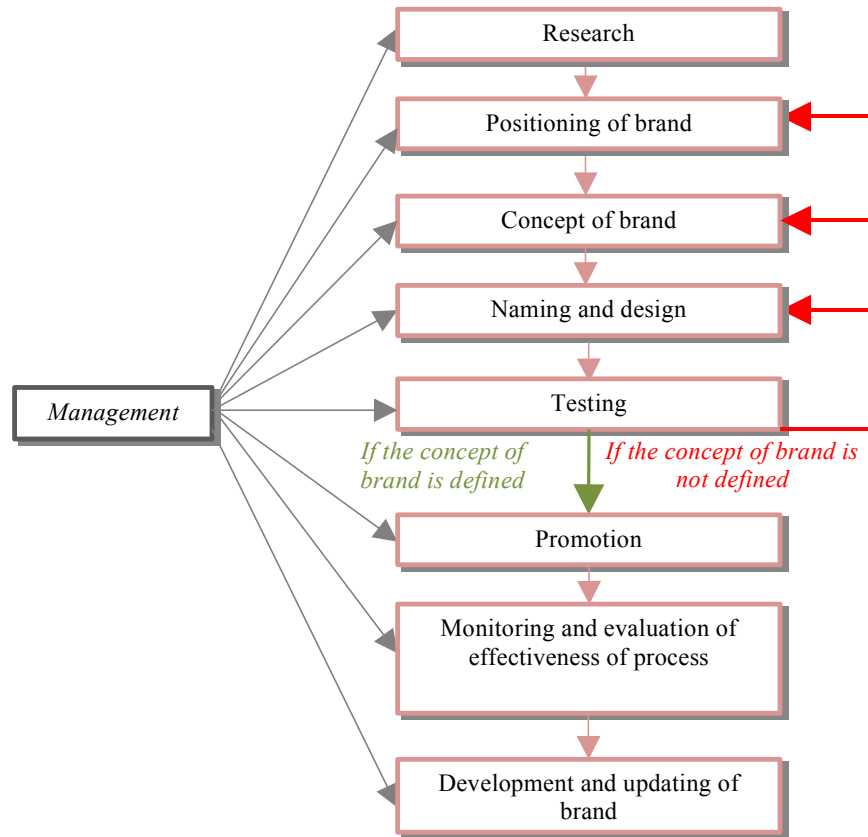


Fig. 1: Branding process

In the process of the branding we stress several stages, shown at Figure 1.

Brands transforming into specific social phenomenon actively influence psychology and behaviour of people. Social side of brand reflects relationship between customer and society (definite group or a circle to which a man belongs). Brand allows either to get distinguished by something: I am not like others or helps to enter some group: I am the same as they are. In social terms brand allows create some symbol where just one component of it - for example, visual image - is able to form distinct idea about its owner, tell his life story: status, way of life, interest, work etc. Owner of such image is easily identified by members of the society, is recognized by them.

In order to emphasize their individual character the people form their own brands combinations - when the indicator of some group is not just one trade mark but the combination of brands. That is why, in order to feel oneself as a member of some group people must choose “proper” brands. A buyer making his decision in regard to what to buy will think about what attribute will symbolize his belonging to specific social group in the best way.

If division of market into segments is done correctly a producer can define the social group to which its brand is intended, how many brands it must create; and the more quantity of these brands intended for different consumers the more chances producer will have to take big share of market and get big profit. In this regard brand is considered as intangible asset, as additional mean of capitalization of the company. Brand becomes added value (price) of the company which can be evaluated in money form. In other words value of intangible assets can be higher than value of material assets of a company by several times. For example in Coca-Cola company value of intangible assets is more than 70% [9].

Brand closely interacts with consumer's mind and has emotional attractiveness for a customer, which is formed in the course of purchasing. Consumers form not just relationship with brand, they enter some definite relations with it [10]. In other words it is necessary to get customer acquainted with the brand, to implement it into customer's mind. This process is facilitated by promotion of brand in the market. But you should remember that branding is not one-off action, but series of acts going on over time.

## CONCLUSION

Complex stage of branding is in our opinion the management process which includes analysis of current state of brand, development of plans, results monitoring methods and correcting actions. Successful brand management includes not only stage of outdoor image. Brand is built on the foundation formed as a result of customer's experience in buying and use of products under this brand. Then positions which were gained are enforced by proper brand management process, properly organized, it means that brand needs proper and long-term support [11]. As a result of all this we consider branding as strategic management: it means that company management is performed through branding process.

**Inference:** Consumer as an origin of information about his unsatisfied needs influence formation of a specific brand. Afterwards producer, working on the brand, must take into consideration that there are a number of factors influencing the customer himself when he is making decision about purchasing: value benchmarks, customer's preferences. In market conditions brand is orientated to specific consumer group and forms its audience consisting of loyal consumers. Then relationship between brand and consumer is kept, trust-based long-term relations are formed and consumer gets "tied" to the brand. As effect of it branding allows to build relations between customer and producer of goods.

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