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**IMPLEMENTATION OF BRAND-PORTFOLIO STRATEGIES
AS A CONDITION FOR COMPETITIVE ADVANTAGE
(THE CASE OF MACEDONIAN COMPANIES)⁴³**

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Abstract

The paper elaborate distinctive area of the brand-management that is concerned with designing brand-portfolio strategies for optimizing the companies' brand-portfolio. A special attention is given to Macedonian companies that can achieve their competitiveness in the long-term, only through updating positive experiences and practice in this branch.

The main objective of the research is to analyze the current state of the brand-portfolio strategies, i.e. their contribution in the creation of the companies' maintaining competitive advantage. The paper objectives are mainly concerned with the implications of the effective brand-portfolio strategies on the costumers and the company, along with the role of the brand-strategies in creating value for the customer and profit for the company.

The research was conducted with various research methods for data collection such as the methods of analysis, synthesis, comparison and case study, as well as other methods that are applicable in this branch.

Key words: brand, strategy, synergy, brand-portfolio.

JEL classification: G31, L15.

⁴³ review scientific paper

INTRODUCTION

Today, all companies produce and market more than one product, but not all of them produce and market brands. The attention in this paper is at companies which produce and market brands. The first question is: What is the difference between generic products and brands? Brands are collection of experiences and associations connected with the service, person or any entity.⁴⁴ Brands are products with a unique set of visible and invisible additional values that are perceived and valued by the consumer.⁴⁵ Usually, brands are more expensive than the generic products. First issue for the company's managers is to define which of the products are brands and which one are only generic products. Only brands can be part of the brand portfolio. So, what is a brand portfolio? A **Brand Portfolio** is a group of all the different brands under a larger umbrella brand owned by a particular business or organization.⁴⁶ Therefore, **Brand Portfolio Strategy**⁴⁷ is the result of specifying the roles and relationships of a company's brands to one another to ensure they are clearly positioned and clearly marketed to the company's target audiences. Brand portfolio includes all the brands that are managed by the organization. Each brand of the company has different role and therefore different name. For example: the master brand is the leading brand of the company. Corporate brand is a brand that represents the corporation or even more generally organization and reflects its values, culture, people and strategy. Brand portfolio strategy is crucial for managing with the roles and relationship between all these brands. **Brand Portfolio** is a group of all the different brands under a larger umbrella brand owned by a particular business or organization. Brand portfolio allows all brands of the company to be collected together in one whole. So, only the brands of the company can be part of the brand portfolio. The brands in the portfolio have different characteristics and differ from one another. When managers create the brand portfolio of the company, first thing that they must do is to define which products are brands and which are only generic products. This is first

⁴⁴James R. Gregory; The best of branding; USA; 1999

⁴⁵Kevin Lane Keller; Strategic brand management; USA 2008

⁴⁶J.N. Kapferer; The new strategic brand management; London; 2008

⁴⁷J.N. Kapferer; The new strategic brand management; London; 2008

step for creating brand portfolio, because the fact that only brands can be part of it. Additionally what is disputable is the question - which brands should be added? The main aims of all companies are to create sustainability, growth and competitive advantages. With the growth of the company, there is also growth of its brands and its brand portfolio grows its brands and its brand portfolio. So, the brands that are part of the brand portfolio of the company can be further supplemented with some new brands. The decision for including new brands in the portfolio is based on results that are shown by the given brands. If the number of brands in the brand portfolio is excessive and there isn't sufficiently adequate resources to support all these brands or some of brand fall into a phase of extinction of life cycle stages, than it must be deleted. This situation alarmed that this brand is no longer necessary to be part of the company's brand portfolio and should be removed from it.

DIMENSIONS OF BRAND PORTFOLIO STRATEGY

There are three dimensions⁴⁸ of the brand portfolio:

- Scope – which refers to the numbers of brands the firms owned and markets
- Competition – which refers to the extent to which brands within the firm's portfolio compete with one another
- Positioning – which refers to the quality and price perceptions of the company's brands among consumers

Brand scope reflects the extent to which the brand is associated with product and market. The main role of course have a master brands. They must be linked up with other products and have the largest market share, because they are leading brands in the portfolio. One of the objectives of the brand portfolio strategy is to expand these brands by building effective and efficient brand program. But we must be careful, because managers have to line up to where these brands can go. In this context, the relationship that exists between all brands in the portfolio should be determined by the brand portfolio strategy. Managers should clarify every role of each brand. The main aim in this context is to avoid competition between brands. Brands should complement each other rather than compete. Also, it is necessary to determine the impact they have on each other. About the position, as a dimension of the brand portfolio there are two aspects: *Perceived quality* pertains to associations for the brands in the minds of consumers. *Perceived*

⁴⁸ David A. Aaker; Building Strong Brands; USA,1995

price pertains to consumer perceptions of the price of the brands. Consumers want more for less always, that means they want to buy more quality products for less money. But, when we talk about brands, we talk about products with high quality, which means we talk about more expensive products than the generic products. So, managers must find some balance between the need of the consumer and company's objective.

PORTFOLIO ROLES

All previous aspects of the brand portfolio review features, roles, scope and the impact of each of the brands in the portfolio, separately. Now, the research will continue with elaboration of some aspects for managing the portfolio of brands, that is considered portfolio as a whole. The role of the portfolio is mostly used to perform optimal resource allocation. Brand portfolio can have different roles. These roles represent the strategy of the brand portfolio. Therefore, we can identify five types of brands⁴⁹: a strategic brand, a branded energizer, a silver bullet brand, a flanker brand and a cash cow brand.

After determining all those issues, managers have to define priority strategy. It means to determine in which of these types of brands they should invest the most. The fact is that every company has limited resources. Managers should make optimal allocation of resources. In the past almost every company attempted to increase the number of brands in the brand portfolio, but now the concentration is reduced because it is easier to manage less. Every company has to take care its corporate strategy to suits with the brand portfolio. Managers must make a connection to the brand portfolio with corporate strategy. These two need to correspond with each other and complement each other; otherwise it may cause a confusing situation for consumers and for the company. The corporate brand has a major impact on the company's reputation, and thus the image of the brand portfolio of the company.

BRAND PORTFOLIO STRATEGY - THE CASE OF MACEDONIAN COMPANIES -

After analyzing the theoretical aspect for this issue, the elaboration in the paper will continue with analyzing the real situation, in which Macedonian

⁴⁹ David A. Aaker; Brand portfolio strategy: Creating Relevance, Diferentation, Energy, Leverage and Clarity, USA 2004

companies are now. Through analysis of available secondary data that are connected with this issue we can conclude that Macedonia is a country with a few real brands. Only, big companies in Macedonia produce and market brands. Also, the research was conducted in 15 Macedonian companies, to obtain relevant information. Companies were selected through few criteria, such as: size, number of employee, number of products or brands that are market, perception of the consumer for the company, received awards for super brands in Macedonia etc. The research was conducted through interview with the marketing and brand managers of the companies. Managers answered questions from a structured questionnaire.

Because the size of the paper is limited will be present only the significant results of the survey. The results from the conducted research (secondary and primary data), showed that only few companies in Macedonia produce and market brands. Some of the companies have only one, or they don't have a brand at all. Therefore, there are few companies that have designed brand portfolio and implement appropriate brand portfolio strategy. Below are presented the most important results of the research. For ex. Alkaloid Skopje, which is company from the pharmacy industry has three brand portfolios: Brand portfolio for Becutan, Brand portfolio for Caffetin and Brand portfolio for Good nature. Every of those brand portfolios, inside obtains few brands.

Also, I must stress that except these brands, Alkaloid produce and market other products, but they are not still brands, they are only generic products. Because of this fact they can not be part of some brand portfolio. For example: Asso, King Code, Queen Code, Sattwa, Young derm etc. For those products marketing managers have different strategy. Another company that have implement brand portfolio strategy is Vitaminka Prilep. Vitaminka is company from the food industry. Another company which has brand portfolio is Mak progres Vinica. This company produce and market different products, but have only one brand until now. That is brand Vincini. Mak progres produce also line of products Sunny Valley, but those products are not still brands, so we can not talk about brand portfolio in this case. Other companies from the conducted research produce and market only one or two brands, so in these case we can not talk about brand portfolio or brand portfolio strategy.

Other results from the research are shown below:

1. Do you know the difference between generic product and brand? –

Most of the managers (80% of respondent) know the difference between the generic product and brand. This is positive situation for the managers. Macedonian managers know that they must create their strategies in order to make the generic products, brands.

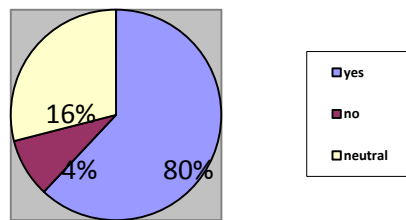


Chart 1.

2. Do you think that your company produce and market brands? – 62% of respondent think that their company produce and market brands. But if we compare this results with the secondary date we will see that the percent of Macedonian companies which produce and market brands are smaller. So from this question we can conclude that Macedonian managers think that their products are brands, but in fact they still are not.

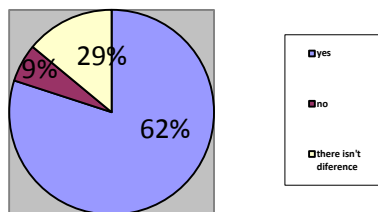


Chart 2.

3. Do you have designed brand portfolio in your company? – Only 36% of the respondent answered that have designed brand portfolio. Other 64% of the respondent still haven't brand portfolio. This results show that most of Macedonian companies have only one or neither one brand, so they can't designed brand portfolio. They, first must work on creating brands and then on designing brand portfolio.

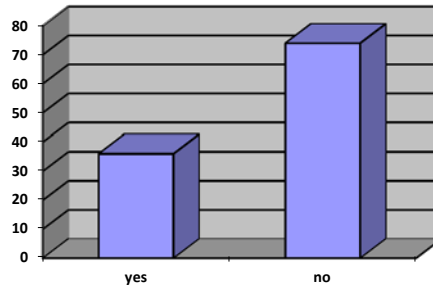


Chart 3.

4. Do you think that your company is able to implement brand portfolio strategies? – We have positive result here, because 56% of the managers think that their company is able to implement brand portfolio strategies. There is a positive business climate in Macedonia and Macedonian managers and companies know about the benefits of brands.

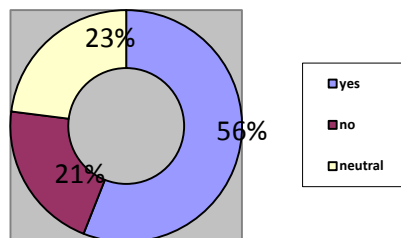


Chart 4.

5. Do you have some strategic approach which can help to build company's products into company's brands? – Here we have again positive responses. Macedonian managers work on creating brands. They know that for that it is necessary to have a strategic approach. Building brands is a process. Companies can't create brand for one day, or even for 5 years.

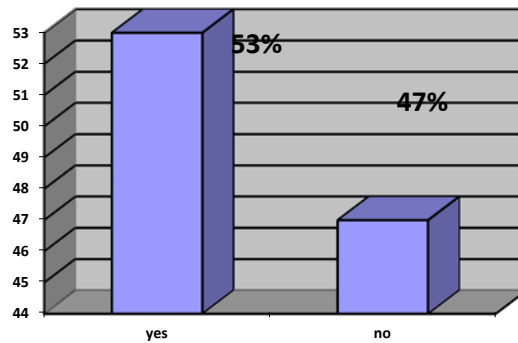


Chart 5

CONCLUSION

From the theoretical review and analyze of the practice experience we can conclude that the implementation of brand-portfolio strategies leads to enhanced efficacy and efficiency of the company, likewise synergy. Almost, every company in the world which produces and market brands integrates brand portfolio strategies as part of the strategy of the company. There are many positive practices in the world about this issue. The situation at the Macedonian companies is different. They must build brands first, because at the moment most of them produce and market only generic products. Further, they must learn form the positive experience of the world famous companies. Efficacy and efficiency of the company can be achieved by implementing brand portfolio strategies. Implementation of the brand-management strategies can help in the creation of the companies' maintaining competitive advantage. We must mention that business environment in Macedonian companies is positive. Most of the managers know about the benefits of creating brands at first and then designing brand portfolio and implementing brand portfolio strategies. There are initiatives to start with a strategic approach to this issue. Positive experience from the world famous companies is the major motivator for our companies. Every company which wants to create a competitive advantage must create brands. The findings from this research again confirm the necessity of implementing brand portfolio strategies and creating brands. This research can be useful for future elaboration for this issue. Macedonian companies must create brands and brand portfolio strategies, because that is one of the conditions

for achieving competitive advantage. I have to mention and the brand equity that comes from the brands, which is important for company's profits and capital. Also, the corporate brand that must be in correspondence with the brand portfolio strategies. At this moment Macedonian companies must have strategic approach for this issue and to start to build generic products into brands and build their corporate brand.

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