Brand Awareness in Increasing Competitiveness and in Creating the Competitive Advantage of the Company

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Abstract

The brand represents the result of a creation process that resides in a combination of elements and values which the consumer associates with a product. By the added value for the company, the brand constitutes the most important resource because it becomes an element of identity and contributes at the differentiation from the competitors, therefore increases the competitional advantage.

The present paper's objective is to evidentiate the role of the brand in creating and maintaining a sustainable competitive advantage of the company. Therefore we present the models of analysis of the competitive advantage and also the emotional component of the brand that is used as a competitive enhancement tool of the company.

Key words: competitive advantage, competitiveness, brand
J.E.L. classification: L25, M10

1. Introduction

In specialized publications, as well as the current activity of all managers one can often come across the phrase „competitive advantage". This defines something that has managed to become an efficiency indicator for a certain company's activity. This indicator is trying to demonstrate how does a certain company comply with its objectives in an efficient and effective way, respectively meeting the customer's needs and to obtain profit through reduced costs, through quality, quick serving and the ability to rapidly adapt to the market's constantly changing demands or through a combination that is more related to the subjective and particularized ideal of the above mentioned methods.

2. Theoretical background

2.1. Competitive advantage – an instrument for obtaining company competitiveness

Competitive advantage represents a step and an instrument in obtaining and maintaining, maybe even increasing the company competitiveness. It can manifest itself, though it is actually desirable to be identified and used, as an instrument in all of the company's activities, from the most basic ones up until the ones that have a low impact on the final result.

Competitive advantage, may it be singular or multiple must have the company competitiveness as a direct reflexion. In terms of perception, the competitive advantage represents an excess, an element based on which the client does not only decide on buying the product but it actually pays more for it. In the solid competitive environment, a company's acquiring of the competitive advantage reflects the quality of the entrepreneurship activity, affirmation of innovations, knowledge, and talent – thus becoming a source of profit.

2.2. Porter's theory on competitive advantage

The term was introduced into specialized publications by Porter through his works: "Competitive Strategy" (1980) and "The Competitive Advantage" (1985). According to the facts presented in these works, acquiring the advantage lays in the company's capacity of creating a value that would be superior to the cost generated by the production. With this taken into account, the competitive advantage is situated in the added value area, and the product's economic performance is sustained through costs that reflect in prices or through product differentiation. All of these lead to this performance being evaluated through the competitiveness of the product. In this way, an updating of the classical evaluation based on productivity introducing differentiation as a criterion for standing out and winning the desired place among client hierarchy, the acquired product place.

Exact determination or the action of measuring the competitive advantage's existence cannot be rendered through existing instruments. The advantage is a concept which manifests itself through having to report to competitors, be them either real or potential, thus it is obvious that a solid reporting is impossible. Moreover, owning a competitive advantage is not an absolute concept. There is no such thing as a unique competitive advantage just as there is no lifelong ownership of it. The fact alone that a company has the competitive advantage represents a challenge for its competitors in determining them to try and overcome it, obtain and offer a greater value through their products.

2.3. Creating the sustainable competitive advantage - criteria for the competitional advantage

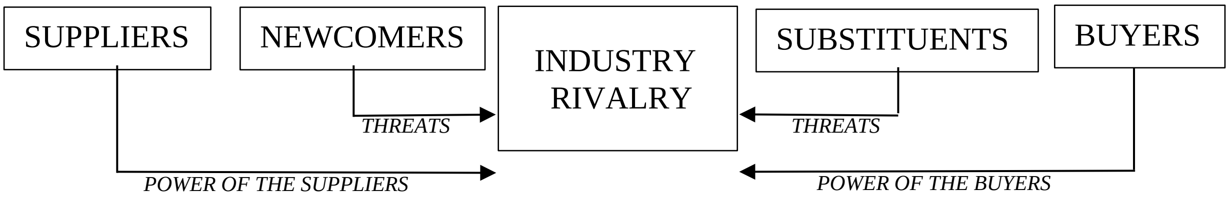
Two complementary processes can be identified when trying to build the company's competitive nucleus (Hitt, M. A., Ireland, D. and Hoskisson, R. E, 2011 p. 82): creating a sustainable competitive advantage and value chain analysis. Constantly maintaining an acquired competitive advantage can transform it into sustainable competitive advantage thus ensuring performances and implicitly, a long-term top position in the domain, a durable superiority over the competition.

The four criteria of defining sustainable competitive advantage are: the ability to exploit opportunities and to neutralize threats in the relationship with the exterior, in order to create value for the clients; the capacity to have products that can be rarely or even never found among competitors; the ability to have products that are either hard or impossible to imitate, copy – and if the impossible is hard to reach, at least they should be extremely costly to copy. Uniqueness can be a sustainable competitive advantage; the ability to have a product that is hard or impossible to replace, one that can't be easily replaced by one of the competition's products.

3. Analysis model for the competitional advantage

The competitive advantage is regarded as the element justifying the economic position of the company in its area of activity, limiting the duality that Michael E. Porter highlighted: cost and productivity. In his works he develops an analysis model of the five forces which constitutes an instrument for analysing the activity area as well as company positioning. The analysis' first result represents pointing out the strong points of the company, the competitive advantages that the company has in comparison with all of the other competitors (the external source – the business environment, competitors, the market), as well as the internal threats (the product's particularities, the reaction capacity, cost structure flexibility, the available technological capacity, being aware of the strong and weak points).

Figure no. 1: The five forces scheme



- differentiating the entries - transfer costs - volume production importance - costs of supplying - impact on differentiation - threatening with downstream integration - supplier number	*- brand image - scale economy - transfer costs - needed capital - access to distribution - absolute cost advantages - access to technology - know-how and experience*	*- industry expansion - fixed costs/added value - brand identity - product differentiation - transfer costs - concentration - informational complexity - diversity of competitors - exit barriers*	*- transfer/replacement costs - consumer's tendency to choose substitute products - price/performance relationship - availability of similar products - production costs*	*- volume - transfer costs - upstream integration - substitution products - brand identity - consumer profile - number of buyers*

Source: Adapted after https://www.professionalacademy.com/blogs-and-advice/marketing-theories---explaining-porters-five-forces

Hitt, M. A., Ireland, D. and Hoskisson, R. E., 2011 p. 38 considers that the company's developing environment as being comprised of various segments and elements under which it carries out its activity:

Table no. 1: The External Environmet

Segment	**Element**
Demographic	population age structure geographic dispersion
Economic	inflation interests budgetary deficit
Regulatory	taxation fiscal facilities competitive laws
Sociocultural	non-discrimination attitude towards work quality of life
Technological	innovation know - how and implementation re-technologization
Global	globalization foreign competitors available markets
Physical	energy consumption carbon footprint limiting the resource usage

Source: Hitt, M. A., Ireland, D. and Hoskisson, R. E. (2011, p. 38)

In Clark, G. L. and Tracey, P., 2004 p. 74 one could be informed about the fact that the organization is influenced by a series of factors: demographic, economic, governmental, socio-cultural, technologic, ecologic, suppliers, competition, job market and the capital market.

Competitive advantage is built up of all sorts of different aspects, combinations of technical characteristics, used materials, destination, aspect, all of which are combined with a broad spectrum of prices within undefined limits somehow established by the two coordinates: cost and differentiation. It "is not built on inherited factors yet on those created through consistent investments and specialization…" The phases of competitive development are set to be the following: based on factors, the competitive advantage being brought by the reduced production costs; based on investments, the competitive advantage being determined by the quality and efficiency of the goods and services; through innovation with the highest added value – competitiveness being also high (Negrițoiu, 2010 bnro.ro/files/d/evenimente/r20100415mn.ro)

Product differentiation must be done at a superior level in comparison with the established media on the respective industry, under conditions where price conditions, comparing with the competition, "must exceed the necessary supplementary expenditure in order to give the differentiating attributes to the respective products" (Nicolescu, O. and Verboncu, I.(1997 p. 183).

The necessary creativity dictates the internal strategy of obtaining and maintaining the competitive advantage. The company's presence on the market, the exterior manifestation is completed with a series of internal capabilities which can maintain the market manifestation. The competitive advantage is generated by material and human resources which are combined in a company competence nucleus, with development being inseparably tied to resources which generate value. Although essential, in order to create competitive advantage, it is important that the resources be used adequately for the right type of market, where costs are either highlighted or differentiated.

If it were to go back to the insertion of Porter's concept definition, the fact that a company creates value and uses it to maintain its market position cannot be necessarily regarded as a competitive advantage representation. In order for this advantage to exist, in our opinion, it is necessary that comparison be included in the equation. A company has competitive advantage over other companies. This is a characteristic that defines superiority from certain points of view – those targeted by the respective advantage. The competitive advantage materializes itself in the last profit stance and it is better that if it does so, it is in sustainability terms and over a long term period of time.

4. The role of the brand in creation of the competitional advantage of the company

The brand represents a combination of elements and values that the consumer associates with a product. It is the result of perception and beliefs. That's why it should be mentioned that this is the result of a creation process. It reaches emotions and wishes to be unique. Bearing in mind the purpose which it was meant for it is important to pay attention to the fact that the brand must be relevant on the product's market and attract continuity, maybe even try and build a buyer – product relationship where the consumer would be rewarded for his loyalty.

The brand is a product, but it is also a non-corporate asset, very valuable for the company; it adds value and differentiates products which satisfy the same needs.

If by quality we can give a dimension to the durability and to other characteristics which define value, the price is a quality indicator on a perception level. In this scheme, the brand's role is to simplify the knowledge about the product and to emotionally identify with the product. This could also be regarded as a social status symbol.

The brand value doesn't reside only in the capacity of attracting buyers but stability, and expresses a set of appreciated values which allow for similar product rejection. But these products don't comply or don't have those values, may them be either esthetic, rational or emotional.

Thus, the acquired competitive advantage is an instrument which can be used in occupying a larger market sector, one which generates a higher sales volume and a superior performance level. Keeping the competitive advantage implies keeping the quality levels and characteristics which allow maintaining a superior level to its competitors and to offer value to the clients so as these would keep their initial option. Competitive advantage appears when the organization acquires attributes or characteristics which allow it to overpass its competitors.

The value that the brand brings to the company can be the company's most important resource. The ability to create value in this way becomes an identity element therefore contributing to differentiation from the competition.

Brand loyalty represents an important component of its value. This loyalty is maintained through emotional matter instruments, perception ones, even resistance ones to the competitor brand's promotional actions. The attachment that was created is one of attitude and behavioral matter. The buyer's preferences can be oriented towards a specific range such as premium or luxury products. These are not necessarily for a specific brand but in this case, at the top of the pyramid there is a competition between those few competitors out of which some become more attractive and end up gaining loyalty. There is also inertial loyalty – situation in which the buyers choose a brand that they have purchased before and in general, they are content about without the existence of emotional kind ties. The choice was made by following the *price* criterion. This type of loyalty is very fragile the buyer finding it very easy to change suppliers.

Another type of emotional tie that is exploited by brand owners is the feeling of one's inclusion within a group, a social category, etc. In this way for example, the brand is promoted as being characteristic for *bold people* or for *true Romanians*. This is a means through which supplementary customer category attraction is desirable.

Nevertheless, the satisfied customer – brand relationship doesn't always materialize with obtaining the loyalty. Even when satisfied, the customers choose more brands driven by the fact that the differences in the products can satisfy their needs in other ways. There are also cases of customers who, although they are not entirely satisfied, will remain loyal due to the lack of an equal alternative or they regard change as being complicated or a supplementary cost generator. Another category of dissatisfied customers who don't change the brand are those that have been content with it in the past and are willing to give it an extra chance.

5. Loyalty of the buyer – element of the brand

Brand loyalty can be exploited as a competitive advantage by the company, considering the following aspects: the costs involved in publicity and promotion are lower; the marketing campaigns are more efficient; they encourage new customers; customers start promoting to one another; the existence of a stable sales level; efficient usage of the distribution channels; increased resistance to the competition's campaigns; the existence of a stable market segment.

Through this advantage a series of favorable conditions are created for the company. For example, using premium prices with a high profit margin. By using fair strategies, brand loyalty can be successfully used as a growth tool for competitiveness.

Nevertheless, we should not see the customer as being an individual that was manipulated and which, once lured in, will remain faithful to the product that he chose. Not at all. In the majority of cases, the client chooses a product that was suitable for his needs in the past and by doing so he decides to cut down on the time spent with justifications and making a buying decision. This becomes visible especially when he has to choose between tens or even thousands of general products (non-brand). Therefore, loyalty is also chosen as a simplification of the act of buying and acceleration of the process with the purpose of diminishing the amount of time spent for these activities under conditions where he doesn't have to assume supplementary risks by changing the supplier.

Looking at this from another perspective, a brand's value brings benefits also to the society. This value contributes and motivates the producer's innovation who, in his turn is stimulated to develop new products that are required to meet a similar quality level.

The fact that the sold products which bear a powerful brand's logo are desirable is a winning factor also for the commercial chain between the producer and the final beneficiary, and also for the supply chain as operators which are situated upstream and downstream from the brand owner will wish to collaborate and ulterior associate with this brand.

6. Conclusions

Competitive advantage can be acquired but it can also be lost so that in a competitive environment one of the entrepreneur’s essential and extremely valuable qualities in company management is predictability, the ability to *see* where to and to whom he should direct his own company. It is also worth mentioning that in general, competitive advantage and competitiveness are characteristic for the competitive economy. This one is the least invoked and not at all taken into consideration in planned economies.

This forecasting necessity completes the image of a dynamic and continuously changing market position of a certain product’s competitiveness be it company or nation, with the competitive advantage that is hardly even being considered in most cases. In spite of all this, the few examples of companies owning powerful brands are displayed as a role model. Their market position is also an objective which the others aim to achieve.

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