HOW DO COMPANIES TREAT THEIR KNOWLEDGE FOR MANAGING THE COMPANY'S BRAND?

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ABSTRACT
The need for knowledge in companies will continue to grow, as only the companies with a sufficient amount of knowledge will be able to maintain or strengthen their competitiveness. The study deals with knowledge, which companies either have, either acquire for the purposes of effective brand management. This paper is a contribution to the study of the impact of different types of knowledge in a company devoted to the management of the brand. Based on the results of the research we will form some suggestions for the management to enable their decisions on the promotion of certain kinds of knowledge, which consequently affect the brand, especially the brand value.

Key words: Knowledge, brand, brand value, competitiveness

INTRODUCTION
Companies have realized that the increasing competition in their business success and competitiveness will largely depend on the knowledge within the company, because knowledge can be counted among those resources of the companies, which are difficult to imitate. The need for knowledge in companies will continue to grow, as only the companies with a sufficient amount of knowledge will be able to maintain or strengthen their competitiveness. Companies use different kinds of knowledge and they entered them in processes and activities for making highly valuable brands and in that way they strengthen their competitiveness. The study deals with knowledge, which companies either have, either acquire for the purposes of effective brand management. The purpose of the study is to find
out how companies treat their knowledge devoted to the management of brand. This paper is a contribution to the study of the impact of different types of knowledge in a company devoted to the management of the brand. Based on the results of the research we will form some suggestions for the management to enable their decisions on the promotion of certain kinds of knowledge, which consequently affect the brand.

THEORETIC STARTING-POINTS

Strategy and management of brands

The prediction of the expert for researches in advertising by Larry Light marked the marketing in the 90s of the previous century: »The market fight will be the fight for brands, the competition for the predomination over a single brand. Companies and investors will recognize brands as the highest value of the company. This is an excellent concept, a vision how to develop, maintain, strengthen and manage companies. Market shares will be more important than production. The only way to possess markets is to possess the brands which are leading at the market.« (Aaker 1991.ix). In modern economy and especially in marketing we should not neglect the fact that we live in the period of the brand. The brand has been the most traditional instrument for creating diversities and differences in the eyes of customers so far (Makovec-Brenčič 2008, 74). Hill and O'Sullivan (1996, 163) defined the brand as an element or several elements together, which universally identify the product as a result of the supplier. This separates the product from other competitive products of the same species. The BBDO (2002, 9) agency definition says that a successful and valuable brand brings to the company a reputation in confront to suppliers, to banks, and provides investment security. It is also synonymous for the market power. The brand makes for the company easier to segment markets; the company has greater control over distribution. The products dealers and other intermediaries are more willing to participate if the brand is strong. Having a valuable brand the companies can differentiate their own product from the competitors, as well as the product name promise a certain level of quality with which the company is gaining loyal and satisfied customers. Loyalty ensures the continued demand for products for which customers are willing to pay more. The strong brand delivers a competitive advantage to the company, as for competitors it is difficult to imitate the image that can be created by clients over a long period of experience with the brand name product.
Only the high valuable brands are capable to obtain or maintain the competitive advantage. Kapferer (2004, 15) said that the brand value means the projection of the future.

The brand can be a source of competitive advantage of the company as well as a strong obstacle for potential competitors, therefore it represents the main part of market and management strategy. It enables a product that it differentiates from numerous products of the same kind, for this reason the brand is an exceptional important factor among competitors. If consumers do not become aware of differences among competitive products, they will decide for the products which are cheap and easily attainable, which is an essential characteristic of a production company. The companies which are forced to compete on the basis of price rarely achieve satisfactory profits (Doyle 1994, 158). To benefit from the opportunities that the brand offers, companies pay more and more attention to its strategic management. It is necessary to form a proper instrument for establishing the effectiveness of particular strategies, their conformations and modifications. Successfulness of particular strategies is directly seen in the strong brand. With measuring of its value, the successfulness of strategies is measured as well (Bratina 2003, 1). Lindsay (2003, 3) states that strong brands enable companies to achieve higher prices, get bigger profits, extend market shares as well as recruiting the best cadre; consequently brand management is exceptionally important.

Brand management should be a mechanism which differentiates products and services from those of competitors. If brand management is good, it permits a seller to draw back and gives advantage to the product. Strong brands generate higher sales and price premiums. A valuable brand is so important for a company that it could attract customers, tradesmen, employees and investors with ease (Kumar 2004, 148). The companies with leading brands tend to change their thinking about the knowledge of brand management: from the content to the process and from data to its real knowledge (Richards, Foster and Morgan 1998, 47). With well-based and effectively managed brands a company can achieve a big reputation which increases the confidence of customers and users. Valuable brands are profitable for a company even when it is in difficulties (De Chernatony 2001, 4). Forming a complex strategy of the brand demands a co-operation with many experts in different branches and on several hierarchic levels of management (De Chernatony 2001, 75). The strategy of the brand must be in harmony with all participants: external buyers, media and internal buyers (including employees, management and key-suppliers). The strategy of the brand is the guide directing marketing; it
facilitates sales efforts for achieving better sales results as well as establishing the connection and inspiration of employees (Wheeler 2006, 36).

**The impact of knowledge on brand management**

Nowadays knowledge has an exceptional importance at all man’s activities. Drucker (1993, 7) emphasizes knowledge very much; he says that basic economic sources such as means of production, land and work are not capital any more, but the most important capital is knowledge and it will be in the future, too.

Companies have always been based on knowledge because it is so important and definitely one of sources of constant competitive advantage. A company is only a series of different sources and if knowledge is one of them we may agree that it is an important component for a successful company (Gomezelj-Omerzel 2008, iii). The attention that has been focused on the researches of knowledge and management of knowledge is certainly not only an academic matter but also the consequence of comprehension that the knowledge about knowledge is a critical factor of growth or even existence of a company (Gomezelj-Omerzel 2009, 9). Connecting knowledge and the brand, Eppler and Will (2001, 9) stated that knowledge about brands inextricably connects invisible with the visual value of the brand. Authors Foster, Morgan and Richards (1998, 52) proposed a slightly broader definition of the relations between knowledge, skills and the brand. They said that managing knowledge about brands regards all the participants, not just marketing professionals. It represents the essence of brand property which leads to brand differentiation. In conjunction with the brand this may lead, both directly and indirectly, to the unique perspective of knowledge, experience and learning, which can create strong implicit knowledge of the brand. Richards, Foster and Morgan (1998, 48), as for the impact of knowledge on brands, ascertain that knowledge is essence what brands represent, or more exactly brands achieve a competitive advantage and an important managing value with it. The authors estimate brands as perfect knowledge. Furthermore, Foster, Morgan and Richards (1998, 51) believed that in the process of managing knowledge about brands, the implicit and explicit knowledge are identified. This enables promoting all the activities with the purpose to increase the brand value. The development of this process is oriented in three directions, which have been identified as a process, content and people. Eppler and Will (2001, 4) further argued that the strategy of knowledge about the brand come from the company’s competencies and company’s strategy. Different skills, experience and methodologies have to be developed with the aim of satisfying customers. The knowledge
about the brands has to consider all the details, which means the account of the different target
groups and different forms of expression. Eriksson (2000, 24) indirectly stresses the
importance of knowledge for the development of brands. The single brand development
cannot be restricted only to the companies with a substantial marketing budget. The
companies, that have clear policies on different levels in brands development, on identity and
brand personality development, can develop their brands by itself. Rothstein and Tetzell
(2005, 73) noted the cultural differences that are emerging in developing brands. They
emphasized the importance of knowledge about brands, as well.

Knowledge is essential for the development and value of the brand. This can be seen on the
example represented by Kollander and Lejon (2007, 9). The companies Philip Morris and
Procter& Gamble bought and incorporated some unpromising companies; with proper
management and implicit and explicit knowledge they have developed strong brands and
made profits.

Leading companies tend to change their concept about brand management, concretly from the
content to the process, from data to a real knowledge. Elements of this modification contain
important organisational and individual changes in the sense of making this modification
possible. A key to the change of the process are people who are really aware of this
knowledge (Richards, Foster and Morgan 1998, 54). Different authors (Gronhaug et al, 2002;
Keller, 1993; Gibbert et al, 2002; Christopher, 1996 and others) mostly investigated the
importance of knowledge about the brand, which is held by customers. Authors Foster,
Morgan and Richards (1998, 48) were surprised, that the marketing function in many
companies did so a little for managing the activities aimed to increase the brand value.

STUDY

In the empiric part of the study we examine how companies treat their knowledge for
managing their brands. The study is based on the use of quantative methods. Medium and
large Slovenian companies were included in the research population. The database Ajpes
(Agency of the Republic of Slovenia for Public Legal Records and Related Services) was
used as the source of all business entities. To determine what the medium-sized and large
enterprises were, the Companies Act (Official Gazette RS, No. 42/2006) was considered.
When deciding the populations we assumed that large firms have the greater number of
established and powerful brands. Small businesses in the vast majority do not own brands;
they are indeed limited by resources (labor, capital, knowledge). Large companies are in possession of sufficient trained employees which are the basis for the brands development; they also have more financial resources available. In small businesses, in most cases, these resources are not sufficient; therefore as such they are not suitable for our analysis. Moreover, Tavčar (2008, 233) defined the small firms to have poor knowledge of management, to have minimal planning, a small number of employees, and a very few employees with tertiary education. For large companies Tavčar (2008, 233) said that they are able to meet the major demand on the market and for successful marketing in large companies it is necessary to own a strong and established brand. The survey results from the data of large companies will therefore be more relevant and more realistic than in smaller companies.

The web survey questionnaire was sent to the medium and large Slovenian enterprises. The questionnaire was intended to determine how Slovenian companies acquire and apply their knowledge for the purposes of brand management. Having this aim in mind we included in the questionnaire questions about: (1) the level of education, which prevails among the employees that are involved in brand management, (2) the formal knowledge of employees that manage the brands, (3) the experience of employees that manage the brands, (4) the personality factors, values, beliefs and norms of employees that manage the brands, (5) the amount of literature regarding brands, (6) the frequency of training of employees involved in brand management, regardless of content areas, (7) the cost of education which was intended for training employees in brand management etc.

On figure 1 are seen the levels of education among employees managing with brands.
Figure 1: The level of education among employees managing with brands

From the above results we can conclude that brand management is entrusted to educated cadre, what indirectly means how important the knowledge in brand management is.

Respondents included in brand management answered the questions concerning their formal knowledge. The scale was 1-5. The results were the following:
- education corresponds to posts: 3,74;
- possibility of professional development: 3,70;
- satisfactory knowledge in brand management: 3,12;
- acquiring a formal knowledge is properly stimulated: 2,84.

The next answers are related to their experience in brand management. It is noticed from the results that:
- experience represents a competitive and differentiating advantage of the company: 3,93;
- experience in the policy of human resources has a great significance: 3,74;
- experienced cadre is properly awarded: 3,32.

The answers referring to personality factors, values, beliefs and norms were the following:
- successfulness and efficiency depend to a great extent on personality factors: 3,84;
- positive values, beliefs and norms are a generator of innovations in the company: 3,79;
- satisfaction at work and motivation for acquiring a new knowledge: 3,11.

The next answers concern professional training and literature:
- training leads to better recognition of customers' needs: 3,81;
- training leads to higher satisfaction: 3,65;
- the company invests a lot in training: 2,85;
- the company regularly makes analysis of knowledge and finds out where is a lack of knowledge: 2,63.

Our interest was also what amount of literature represents the literature of brand management. An insignificant percent was put out which means that a little attention is paid to it.

The answers referring to the frequency of training of employees involved in brand management, on the subject of content, are represented in table 1.

Table 1: Frequency of training of employees involved in brand management on the subject of content

<table>
<thead>
<tr>
<th>Branches</th>
<th>N</th>
<th>Arithmetic mean</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing and marketing communication</td>
<td>185</td>
<td>3,10</td>
<td>1,189</td>
</tr>
<tr>
<td>Finance</td>
<td>185</td>
<td>2,89</td>
<td>1,246</td>
</tr>
<tr>
<td>Innovation and development</td>
<td>182</td>
<td>2,67</td>
<td>1,309</td>
</tr>
<tr>
<td>Advertising</td>
<td>184</td>
<td>2,64</td>
<td>1,193</td>
</tr>
<tr>
<td>Brands</td>
<td>185</td>
<td>2,63</td>
<td>1,241</td>
</tr>
<tr>
<td>Psychology of consigners-consumers- final customers</td>
<td>183</td>
<td>2,57</td>
<td>1,188</td>
</tr>
<tr>
<td>Ecology</td>
<td>185</td>
<td>2,48</td>
<td>1,264</td>
</tr>
<tr>
<td>Research</td>
<td>184</td>
<td>2,40</td>
<td>1,237</td>
</tr>
<tr>
<td>Design</td>
<td>182</td>
<td>2,14</td>
<td>1,118</td>
</tr>
</tbody>
</table>
Generally, we can conclude that training of employees in all branches is relatively low.

We were also interested in the percentage of all training expenses given for training of employees in brand management in 2009. Most companies (73%) give only 10%; hence it follows that very little money is assigned for training of employees in this branch.

**CONCLUSION**

The analysis has shown that brand management is entrusted to educated cadre what indirectly gives importance to knowledge and its impact on brand management. Employees have a proper formal education but they are short of brand knowledge. It has been shown as well that they have a possibility of professional development but acquiring additional knowledge is not properly stimulated. Experience plays a big role as a competitive and differentiating advantage, nevertheless experienced cadre is not awarded enough. Successfulness and efficiency are predominantly dependent on personality factors; positive values, beliefs and norms are a generator of innovations in the company. We can deduce that employees are not satisfied at work and motivated enough for acquiring a new knowledge.

Companies are realizing the importance of training of their employees in order to recognize better customers' needs. This gives them satisfaction, on the other hand they are not satisfied because companies do not analyse which knowledge they need. We can resolve that companies do not invest enough in training their cadre employed in brand management.

The literature of brand management represents a small percent, which means that companies pay a little attention to it. Concerning the frequency of training employees are trained the most in marketing and communication, the least in design. It is noticed that recently they have been getting more knowledge about brands. In larger companies they are trained more in marketing and psychology of customers. Unfortunately, companies spend very little money on training their employees in brand management.

A number of brands that Slovene companies possess is relatively small, the majority of them have mostly three of them.

The results of the survey indicate that companies are aware of the importance of knowledge, nevertheless they do not do enough, respectively despite being aware of that, they do not take
actions to improve the situation. Necessarily companies should start stimulating their employees to acquire more knowledge in brand management. It is clear that companies realize the importance and value of experienced individuals, however they do very little for keeping and awarding them. Companies should award them properly to avoid possible fluctuation. Concerning norms and values, companies come to terms that successfulness of their employees mainly depends on personality factors. They even know that personal beliefs are the source of new ideas in the company and even in this case they do not make efforts for motivation and satisfaction of their employees. Companies could achieve better results with taking prompt measures. Evidently they should start investing in additional training, especially they should start analysing the knowledge their employees have already had; in that way they will find out which knowledge they need. The survey also indicates that companies do not show much interest in brand literature. They should do something about that if they want to improve their brand management and consequently increase the value of brands. A stimulative ascertainment of the survey is that brand management is more and more dealt by educated employees which gives a certain emphasis on the importance of this subject.

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