

# Leader Influence on the Brand -creating Process of an Organization in the Aim of Increasing Competitiveness

**Milić Slaviša<sup>15</sup>**

**Stefanović Saša<sup>16</sup>**

**Vujičić Sladana<sup>17</sup>**

## Abstract

As one of the most significant factors which contribute to the positioning of organizations not only on the market, but also in the eyes of the consumers, is the brand. Creating a successful brand is one of the hardest tasks of a marketing strategy. If the organization possesses a strong brand which attracts consumers, then it is ensured long-term success. Branding enables for the organizations a stable income and creating a competitive advantage over the other organizations.

The aim of this paper is to overview leader influence on the brand-creating process in order to increase competitiveness, as competitiveness today represents a basis of the long-term survival of the organizations. After a conducted survey, the conclusion is that employees in organizations are of the opinion that a leader's role in the brand-creating process is very significant.

**KEY WORDS:** brand, strategy, competitiveness, leaders

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## Introduction

Brand gives organizations the advantage of their product being recognized on the market. As the basic dimensions of a brand are recognition, the expected quality and loyalty, we can say that brand influences on creating of the value parameters of the customers. Building strong brands has become an important point for many companies since it produces a number of marketing advantages and increases company competitive strength (Hoeffler, Keller, 2002). Organizations

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<sup>15</sup> College of Economic Peć, Leposavić, e-mail: slavisamili@gmail.com

<sup>16</sup> Real Estate Institute, Belgrade, Serbia, e-mail: stefanovic.sasa@gmail.com

<sup>17</sup> Faculty of Business Economics and Entrepreneurship, Belgrade, Serbia, e-mail: sladjana.vujcic@vspep.edu.rs

which would like to accomplish a competitive advantage on market must follow competition activities, new trends, customer desires, as a rapid reaction is necessary if extended competitiveness is desired. The strategy of branding provides in the long-term better financial results and sustainable competitive advantage for a company.

The organizations which wish to accomplish a competitive advantage and become leaders on the market must follow consumer changes, activities of competition, economic trends and development of new technologies which can make an impact on their business activities. As with any other strategy, a branding strategy requests good management. Without leaders which would create a strategy plan and ways to realize it, the advantages and benefits of branding would never be accomplished. Vallaster and De Chernatony (2005) assess the role of leaders in successful branding and their responsibility for a coherent defining of brand identity, as well as mediation between the structure and the individual leader's actions. Although internal branding is a strategic matter that is developed by top management, department leaders play a crucial role as mediators, in encouraging and supporting brand-supporting behavior and keeping the internal branding programs going (De Chernatony, Vallaster, 2006).

## Literature review

Branding is used as a means of distinguishing the goods of one producer from those of another (Keller, 2003). Urde (1999) defined brand orientation as “an approach in which the process of the organization revolves around the creating, developing, and protection of brand identity in an ongoing interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands.” Branding strategy is a policy for creating and nurturing sustainable competitive advantage by extending the explanation of branding and its distinguishing values (Abimbola, 2001). Companies manage their brands by implementing effective marketing strategies that focus on building sustainable advantages over the competition (Kapferer, 2007). Anarnkaporn (2007) argues that branding is an important competitive tool available to SMEs.

Barney (2002) indicates that a firm experiences competitive advantages when its actions in an industry or market create economic value and when a few competing firms are engaging in similar actions. Barney claims that an organization will accomplish a competitive advantage if it establishes a branding strategy. Stibel (1988) notes that with a well-planned brand strategy, not only national but also small companies can overcome market competition. In general, the literature review revealed a paucity of scholarly activity on brands and their management in the business sector, despite the fact that marketing ideas have been applied to the business sector for at least 30 years (Kotler and Levy, 1969). Kotler (1997) considers that the value of the brand ensures for the brand numerous competitive advantages:

- 1) A company can have an advantage in reducing marketing costs due to the awareness and loyalty of the consumer toward the brand,
- 2) A company has a larger choice of possibility in negotiating with distributors and retailers,
- 3) A company can increase the price, in contrast to the competition, if its brand has bigger quality in regards to the competitors,
- 4) A company can easily perform brand expansion, as the brand name offers high credibility
- 5) A brand offers to the company a defense against strong price competition.

Figure 1 represents the model given by Vallaster, De Chernatony (2005) and it shows how leadership influences the process of brand-creating.

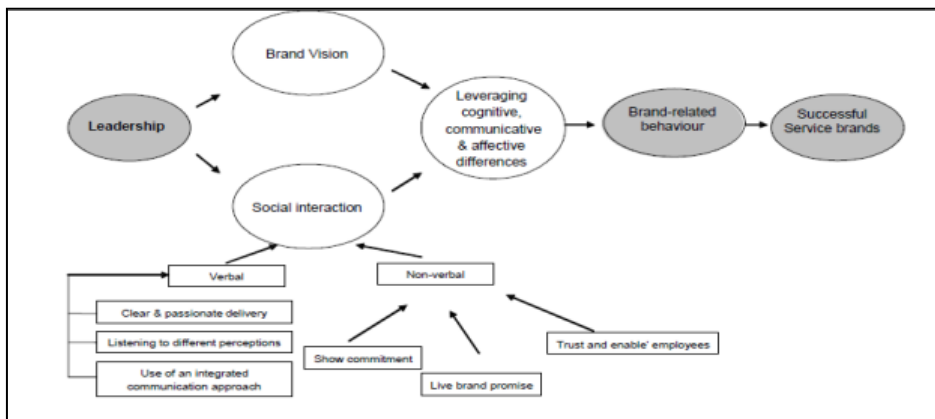


Figure 1: Model of Leadership Based on Brand Building

Source: Vallaster, C., De Chernatony, L. (2005), *Internationalization of Services Brands: The Role of Leadership during the Internal Brand Building Process*, *Journal of Marketing Management*, 2005, 21, 181-203.

Vallaster, De Chernatony (2006) clearly emphasize the role of leadership in external and internal brand building and suggest that successful leaders act as integrating forces on two levels, namely, integrating the elements of corporate identity structures, and mediating between the corporate branding structures and the individual.

A leader's influence on brand-creating is reflected in the creating of a creative, flexible, fast, continuous and iterative process in order for organizations to respond to the challenges of their environment with accomplishing competitiveness on the market.

## Organization Branding Strategy and Competitiveness

It is a fact that organizations representing themselves with their products/services. The concept of branding, or trademarks, has existed for a very long time and has been used to differentiate the goods or products of manufacturers from one another, in order to avoid theft (Keller, 2008; Kapferer, 2004). The extent to which the company uses the toolset of branding strongly influences its efficiency with the competition (Simon, Sullivan, 1993).

Among all the competitive tools available to SMEs, we argue that branding should be near the top if not actually at the top of the list (Anarnkaporn, 2007). According to Krake (2005) and Muyimba (2009), branding is a comparatively fresh topic among small and medium-sized businesses

Keller (2008) gave directions for branding in SMEs. Abimbola (2001) attempted to understand SME branding as a competitive strategy and he concluded that branding is highly relevant to an SME. Krake (2005) tested the five guidelines by Keller (2003) in a study of 10 SMEs and revised the model by discarding two guidelines which create "brand building push and consumer pull campaigns" and "leverage upon many secondary associations".

<b>Guidelines for SMEs Brand Management</b>
<b>Five Guidelines by Keller (2008)</b>
1.) <i>Emphasize building one or two strong brands.</i>
2.) <i>Focus the marketing program on one or two key associations.</i>
3.) <i>Employ a well-integrated set of brand elements that enhance both brand awareness and brand image.</i>
4.) <i>Design creative brand building push campaigns and consumer-involving pull campaigns that capture attention and generate demand.</i>
5.) <i>Leverage as many secondary associations as possible.</i>
<b>Three Additional Guidelines by Krake (2005)</b>
6.) <i>Be logical in your policy and consistent in your communications.</i>
7.) <i>Ensure that there is a clear link between the character of character of the entrepreneur and that of the brand.</i>
8.) <i>Cultivate a passion for the brand within the company.</i>

*Figure 2: Brand Management Guidelines of SMEs*

*Source: Göppel M., Omonigho Mrabure R. (2013), Brand Internationalization through Brand Identity and Alignment, the case of Swedish Outdoor SMEs, Master thesis, Umeå Scholl of Business and Economics*

For improving of organization competitiveness, brand is very important. Prahalad, Hamel (1990) posed three standards of examination used to confirm the validity of core competitiveness: "First, core competitiveness supports many potential channels for enterprises to enter various markets. Second, core competitiveness should make enormous contributions to the welfare for the customers of final products; third, core competitiveness should not be copied by competitors as, if it is a complex combination of the individual techniques and productive skills, it will not be controlled easily." We can say for the brand that it completely satisfies all three set standards.

Webster and Keller (2004) give ten basic directions for the successful building and developing of the brand on the business market:

1. The role and significance of the brand should be directly connected with the business model and the gaining of profit of business marketers and the strategy which is based on the value delivery.
2. Understanding the brand role in the decision making process about obtaining the business consumer, is necessary.
3. The offer of the basic value of the brand must be significant for crucial players in the decision making process about buying and about the decision unit (the shopping center).
4. The emphasis should be on building the corporative brand, and sub-brands could be used.
5. Building the corporative brand should be based on intangible elements, such are professionalism, trust, ease of doing business and likeability.
6. Avoiding confusing corporative communication and distinguishing between communication strategy and branding.
7. Appliance of detailed analysis of segmentation and segments – within and between segments of certain economic sectors based on differences in structure and functioning of the shopping centers in those segments.
8. Building of communications connected to the brand based on the interactive effects of various media use.

9. Accepting the brand managing process from top to the bottom or from bottom to the top for brand building and leverage.
10. Education of all employees on the basic values of the brand and the role of the employees in the deliverance of brand value.

To build and successfully position a strong manufacturing brand, it is necessary to know the competition well, as well as to design and implement the best possible strategy of brand positioning. The process of branding is a very complex process. In the building and the maintaining of brand value, it is necessary to start from brand vision, through organizational culture, brand goals, environment, brand essence, internal implementation and providing of reliable resources, and then come to the brand value (Veljkovic, 2010) which can be seen in Figure 3.

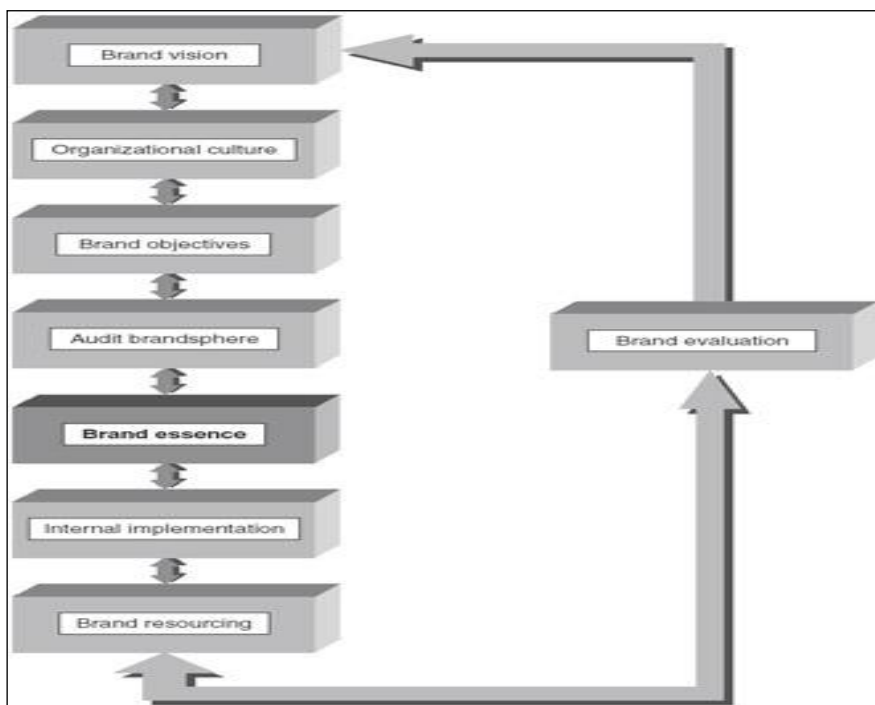


Figure 3: Process of creating and maintaining of the brand

Source: Chernatony L., (2006) *From Brand Vision to Brand Evaluation, the Strategic Process of Growing and Strengthening Brands, Second Edition, Butterworth-Heinemann, Oxford.*

What happens in organizations often has a profound impact on people and vice versa (Stojanović et al., 2013). The role of the leader in the branding process is very important and the measure of the leader's success is the extent to which employees of some organization understand the significance and value of branding. The leader is not only the person who helps in brand creating, but he must always explore, listen, predict, plan. For conducting successful branding, needed are leaders capable of managing the organization and making decisions which influence the brand.

## Research methodology

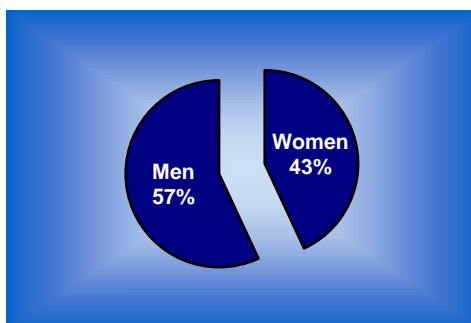
To examine leader influence on the process of brand-creating in the period August-September 2014 there was an empirical research conducted via the method of questioning, and an instrument of the empirical method is the questionnaire. The survey was done on a random sample of 10 organizations on the territory of the Republic of Serbia.

*Table 1: Structure of examined organizations*

Number of organizations	Entrepreneurial store	Small enterprise	Medium enterprise
	2	4	4

The survey included 64 employees of different gender and ages from the mentioned organizations.

### Surveyed per gender

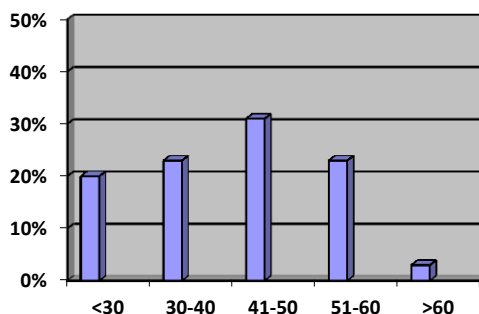


*Figure 4: Surveyed per gender*

### Surveyed by age

*Table 2: Surveyed by age*

Years	<30	30-40	41-50	51-60	>60
Number	13	15	20	15	2



*Figure 5: Surveyed by age*

The questions in the questionnaire are formulated so we can, based on the given answers, analyze the influence of a leader on the brand-creating process. The questionnaire consists of three parts:

1. Data on the organization. In this part of the survey, the questions were related to the type of business system, company name, address and town, business activity and total number of employees.
2. Data on the respondent. This part of the survey contained offered answers and was related to the information about the respondent.
3. The third part of the survey was related to the leader influence on the brand-creating process.

The research started from the following general hypothesis:

H0: Leaders in organizations have a very important role in the brand-creating process.

Defined are the following auxiliary hypotheses:

H1: Leader strategies of branding provide the competitiveness of the organization.

H2: Leaders in organizations influence the creating of the brand for the competitive advantage of the organization.

For each question in the questionnaire, offered was an answer which helped employees to evaluate how they agree with the given statement, in the form of the five levels of the Likert scale (1- very small, 2 – small, 3 – average, 4 – significant, 5 – very significant).

## Key findings

After the processing of the data from the answers, we came to a conclusion regarding the influence of the leader on the process of brand-creating. The respondents answered eight questions significant for determining the leader influence on creating a brand.

Based on the obtained results, we concluded that leader influence on brand-creating is quite large, as most of the employees answered the question referring to the leader's influence on brand creating as being very significant.

To the question: 'What impact does organization leader have on the constant examining of the market and customer needs?' 23% of the respondents answered 'significant' and 45% 'very significant'. Answers of the respondents to the questions referring to the leader's influence on the organization's brand-creating process have shown that the leader's role is crucial, as to the question: 'What impact does your organization leader have on the clear defining of the brand strategy?' 26% answered 'significant' and 42% 'very significant'.

For the overview of the leader's influence on the process of brand-creating, 8 questions were created, and after data processing, the obtained results were presented in the following table.

Table 3: Statistical indicators

	The arithmetic mean	Standard deviation	Coefficient of variation
What impact does your organization leader have on the constant examining of the market and customer needs?	4.0000	1.095445	0.273861
What impact does your leader have on your organization on the clear defining of the brand strategy?	4.0615	1.093715	0.269286
What impact does a leader's branding strategy have on the improvement of competitiveness of your organization?	4.3385	0.881902	0.203275
What impact do the activities of the leader have on your organization and on strengthening the brand?	4.3692	0.851591	0.194906
What impact do your organization leader's activities have on the protection of the brand within the organization?	4.0154	1.059642	0.263895
What impact do your organization leader's activities have on protecting the brand outside of organization?	4.0000	1.123182	0.280796
What impact do your organization leader's decisions have on brand-developing?	4.0923	1.062987	0.259752
What impact does leader tracking have on the branding results of brand improvement?	4.2462	0.977135	0.230122

The conducted survey confirmed the major and auxiliary hypotheses. The main hypothesis of the paper that 'leaders in organizations have a very significant role in the process of brand-creating' is proved by the series of affirmative answers to the set questions referring to the strengthening, protection and development of the brand. To the question 'What impact do activities have on the leader of your organization on strengthening the brand?' 30% of respondents answered 'significant' and 55% 'very significant'. To the question 'What impact do your organization leader's decisions have on brand developing?' 24% answered 'significant' and 54% 'very significant'.

The auxiliary hypothesis of the paper 'leader branding strategies provide the competitiveness of the organization' and 'leaders in the organization have an impact by creating the brand at the competitive advantage of the organization', were confirmed by obtaining answers. To the question 'What impact does the leader's branding strategy have on the improvement of competitiveness of your organization?' 32% respondents answered 'significant', and 54% 'very significant'. Answers given to the questions referred to the role of the leader in strengthening the brand, the protection of the brand within and out of the organization, and the development of the brand, and have shown that the leader has a very significant influence on its creating.



## Conclusion

The leader in the brand-creating process of an organization is recognized as a crucial factor. The survey conducted on a random sample of 10 organizations from the territory of the Republic of Serbia in the period August-September 2014 by direct interview which covered 64 employees in different organizations has shown that the leader's impact on the process of creating the organization's brand is very significant. As every other process, the branding process should be managed. Without the leader who manages the branding process, the activities on the market would never be accomplished and the benefits and advantages of branding will never be realized.

It is very important to know that the largest number of respondents recognize that leaders in organizations have a great impact on the process of branding which have given a basis for further research.

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