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SYSTEM SOLUTION OF EVALUATION OF THE BRAND MANAGEMENT'S EFFICIENCY IN THE COMPETITIVE ENVIRONMENT: A METHODOLOGY OF BENCHMARKING

The author states that application of benchmarking for evaluation of the brand management's efficiency is the most adequate estimation system in modern market conditions. Method of evaluation of the brand management's efficiency on the basis of benchmarking is developed in the article. The practical use of the criterion indexes system of the brand management's efficiency foresees the strategic orientation of enterprise on the intensive way of own trademarks development and achievement of high efficiency level in a dynamics.

Keywords: benchmarking, brand management efficiency, brand evaluation, brand standard, brand identification, trademark.

A problem statement and its relation with important scientific and practical tasks.

Brands are one of the most valuable assets of a lot of companies. Management realizes that this value can and must be used to receive extra income. Due to the efficient usage of the brand assets these companies manage to ensure the high rate of economic growth. As S.M. Davis defines, that companies managers of which do not pay due attention to their brands' development are destined to get mediocre financial results [1, p. 13].

Brand is often understood as a name, a sign, a symbol or their combinations which are used to distinguish goods or services, produced by one firm, from similar goods of other firms. Though the researchers examine a brand primarily as a means of identification. But would any brands be estimated at hundreds of millions of dollars if they were simply a means of identification? It is obvious that brand is something much more for a consumer than just a means of the goods' identification.

The definition offered by P. Dickson helps to disclose the brand's gnosiology: "A brand is nothing more than a substitute of a great amount of information and a way to handle more simple and effective with it. With the help of goods or service associations it provides the information about goods for a customer, if it is quality, reliability, art production, style, status and consumer value" [2, p. 189].

That is, a brand is performed as a decision-making instrument for a consumer. In the

conditions of the increasing dynamism and the products and markets' differentiation production costs, expenses related to the decision making are come out as one of the most important factors.

The brand value is formed by six basic sources:

1. *The application experience.* A brand obtains the added value as acquainted and reliable one, if products of any trade mark showed themselves from the best side for long years.

2. *The consumer's conception.* The brand image is quite often related to a type of targeted audience. The prestige and successful image is created with the help of sponsorship and advertising, in which brand is associated with attractive or well-known people.

3. *The power of persuasion.* Sometimes the consumer's confidence in product's quality of a certain brand increases efficiency of the last one. In pharmaceuticals, cosmetology and high technological productions consumer satisfaction is quite often based entirely on the faith of a brand. Comparative evaluations of own beliefs about a product, its technical characteristics and the independent experts' thoughts can serve as a basis of consistent persuasions.

4. *The external aspects.* Design of products which belongs to a certain brand directly influences on ideas of the product's quality.

5. *The manufacturer's name and reputation.* A new product is quite often given the company's famous name and positive associations of a company name are carried over it, what arouse the consumers' trust and desire to test a product.

6. *Emotional backgrounds.* Buying a car of the trademark "Mercedes", a person buys a means of transport not simply, but declares about the status. With the help of brands consumers demonstrate people around their style of living, interests, values and standard of well-being. A consumer chooses those trademarks which meet his "necessities" to his mind. Therefore, in accordance with the theory of A. Maslow, in the society of sufficiency, these necessities have not only a physical and economical basis, but is also determined by self-actualization and self-evaluation, content searching of people belonging to that or other group.

When a person consumes a certain product, some amount of money's payment, which covers its financial expenses, is preceded it. In accordance with the theory of alternative cost, a man choosing that or other consumption form, has to reject from the another one, the alternative form which is always accompanied with psychological expenses. These are expenses which related to the making decision, which is the main factor, that determines consumer's behavior. The necessity of choosing among the great amount of alternatives, which are opened for a consumer, makes a decision making more and more difficult and the value of expenses concerned with a decision making denotes a tendency to the growth. That's why, as T. Sakayia defines when we talk about the waiver from one form of consumption at a choice of another one, we shouldn't keep in mind that a purchase of one thing means lack of money for buying some other thing. Therefore, such factors of the influence on the consumer's decision as limitations which are imposed by the time or social evaluation of that or other definite form of its conducting also play their roles. Furthermore, for most consumers time and reputation have been becoming more important than money [3, p. 56].

Thereby, brand is a carrier or a means of concentrated information transfer about the features of goods or services. It creates a rational basis for a decision-making and accordingly it has a value and a cost as a result. Thereafter a brand mortgages a new cost of informative resource in the cost of the product-transmitter, which has a consumer value for a decision-making. That is, a brand is a cost which generates a new cost, and that's why obtains features of the economic category "capital".

A brand-management as a major function at enterprise has to provide the proof, competitive functioning and development of that or another trademark. From this point of

view a brand management is assumed the special researches carrying out of the trademarks management's efficiency and developing a strategy and a program of the brand-capital's development on their bases.

Totally, analysis and evaluation of the brand management's efficiency concern with such important scientific and practical issues as the increasing of the effectiveness and production economic activities of native enterprises, forming of an effective organizational and economic mechanism of brand management.

Analysis of the recent research and publications. Works of D. Aaker [4], I. Berezin [5], P. Vinkelman [6], P. Doyle [7] and other native and foreign scientists are devoted to the problems of evaluation of brand management's efficiency.

Partly the methods of the evaluation of the advertising's efficiency [8-12] and PR [13] can be used for the evaluation of the brand management's efficiency. However, it should be noted that nowadays there is not a strong scientific base, well-defined indicators and contradictory of evaluation of branding efficiency. The main disadvantage of the existent methods is the absence of the competitive component and underestimate of the importance of the relative estimation in comparison to the best experience of the advanced enterprises of this aspect. Benchmarking comes out as a perspective methodological base of this direction.

For comparative evaluation of the efficiency of the enterprises' work or their separate subsystems, benchmarking has been used for long enough in Japanese, American, West-European and Scandinavian companies' practice. Benchmarking is a systematic activity, which is directed at searching, value and studying using the best samples not depending on the business sphere and geographic position [14]. Benchmarking represents how art exposure of that the others do better than this firm does and studying, improvement and application their work methods. The benchmarking conception is based on the comparison of the activity not only competitive enterprises but also advanced companies of other industries [15]. Firms become to study quantify divergence in the enterprises management. In the centre of the productivity and quality (Westinghouse) benchmarking is considered as a process of the continuous investigation of the best practices which definite the most high characteristics of the competitive power [16]. Conception and methods of benchmarking allow to reduce the expenses, to increase the profit and to optimize the dynamics of structure and to choose strategy for enterprise.

Benchmarking application has a multilateral directivity. It was wide-spread in logistics, marketing, personnel management, financial management that is related to the enterprise benchmarking and involves all spheres and directions of its activity. Thereby, in logistics benchmarking allows to determine problem situations in the logistics systems rapidly and with little expenditure in spheres which are close to a consumer with an order execution and transportation.

Determining an effect, which benchmarking can provide it should bear in mind that a fact of the efficiency of experience exchange and its studying has never been doubted by anybody.

The aim of this article is to develop the evaluation procedure of the brand management's efficiency on the basis of benchmarking.

Main research material. In relation to analysis of the efficiency of brand management the benchmarking is not used practically. However the benefit of benchmarking in this industry consists in that identification, informative and economic functions of trademarks become more governed when the best methods and the technologies of management of trademarks of the advanced enterprises are investigated and provided. It might lead to the increasing of the brand's additional cost, growth of the purchasing' preference, to more profitable enterprise with a high economy.

It is possible to determine a few stages by carrying out an analysis of the brand management' efficiency on the benchmarking basis:

1. *Object determination of benchmarking.* At this stage the enterprise requirements are determined for the brand management's improvement; main methods and techniques of the trademark's promotion and fixing at the market and also a method of quantitative measuring of the trademark's descriptions are determined and researched; established how profound benchmarking should be.

2. *Choosing of brand standard.* The searching of trademarks which will be standards is carrying out; estimation and analysis will be carried out by criterions which are determined.

3. *The information retrieval.* It is necessary to collect information about brand-standard. Both the initial and secondary data are used for this purpose. The received information must be checked comprehensively.

4. *The analysis.* The received information is classified, systemized, the method of analysis is chosen, a degree of the goal achievement and factors which determine a result are estimated.

5. *Introduction.* At this stage it is necessary to develop a plan of introduction, procedures controlling, estimation and analysis process introduction. To obtain that changeable processes of brand management will try to reach the high rate of efficiency.

Benchmarking approach causes the substantial change of a decision-making procedure in branding. Traditionally the decisions in the sphere of trademarks management were accepted on the basis of the results of marketing researches and managers' intuitions in relation to the efficiency of the complex measures to the trademark's promotion. Benchmarking application in the management process of the brand capital provides that requirements offered by an external environment and purchasers, are examined on the basis of the relevant data.

Knowledge about the methods of management of the best firms' brands received in the process of benchmarking, is important information which is necessary for own trademarks development and providing of their competitive power profitability.

The main function of the brand capital is a creation of the additional cost by trademarks. Therefore the extra income brought by trademarks is the major criterion of its estimation. The evaluation of the efficiency of the brand capital management represents the great scientific and practical interest in this aspect in relation to the formation of the average income by brand capital of firms-competitors.

Brand management basing on benchmarking efficiency can be determined in the following order (in this case a management of all own brands of enterprise):

1. A list of brands is drawn up (I) which belong to the enterprise.
2. For every brand i ($i \in I$) a list of trademarks competitors is drawn up (J) (under which commodities-analogues are sold).
3. On the basis of marketing researches a quantity of value is determined SV_i which is added by i -brand to the cost of commodity and a quantity of added value SV_j after brands-competitors.
4. The monthly volume of sale (Q_i) is determined by i -brand and brands-competitors (Q_j) (in physical terms).
5. The value of monthly additional income (SVM_i) is calculated created by i -brand:

$$SVM_i = SV_i \cdot Q_i. \quad (1)$$

6. The specific weight of additional income (sv_i) is determined by created i -brand in the value of commodity unit:

$$sv_i = \frac{SV_i}{ST_i}, \quad (2)$$

where SV_i and ST_i – accordingly the additional value of a brand and the total value of a commodity unit which is sold under i -brand.

A value sv_j is determined with the same method for brands-competitors.

7. An average specific income brought by a brand is calculated:

$$\overline{sv} = \frac{\sum_{j=1}^J sv_j + sv_i}{J+1}. \quad (3)$$

8. The average specific (for one brand) volume of sale is calculated:

$$\overline{Q} = \frac{\sum_{j=1}^J Q_j + Q_i}{J+1}. \quad (4)$$

9. A calculation of additional income (SVM_i^p), created by a brand, is determined, as a profit which would be created as if the efficiency of management of the researched brand coincides with “average” efficiency of management:

$$SVM_i^p = \overline{sv} \cdot ST_i \cdot \overline{Q}. \quad (5)$$

10. The coefficient of comparative efficiency of brand management is calculated (K_{pe}^{bk}):

$$K_{pe}^{bk} = \frac{\sum_{i=1}^I SVM_i}{\sum_{i=1}^I SVM_i^p}. \quad (6)$$

If K_{pe}^{bk} is more than 1, it means that efficiency of brand management is higher of the “average” efficiency under the aggregate of firms-competitors, if it is less than 1, the efficiency of brand management is at a below average level.

11. The index of comparative dynamic efficiency of brand management is calculated (I_{pde}^{bk}):

$$I_{pde}^{bk} = \frac{K_{pe}^{bk}}{K_{pe-1}^{bk}}, \quad (7)$$

where K_{pe}^{bk} , K_{pe-1}^{bk} – accordingly coefficients of comparative efficiency research and base periods.

I_{pde}^{bk} allows to estimate comparative efficiency of brand management in a dynamics. If I_{pde}^{bk} is more than 1, we see the increase of efficiency of brand management in comparison to a base period and in comparison to “average” efficiency, if it is less than 1 is a decrease of efficiency.

The index of comparative dynamic efficiency allows to find irrationality in a brand management, to trace the dynamics of his efficiency.

Conclusions of the research. Basing on the principles of system and situational approaches, it is possible to conclude, that application of benchmarking for the evaluation of the brand management’s efficiency is the most adequate system of evaluation in the modern market conditions. Consequently, on the basis of benchmarking the method of evaluation of the brand management’s efficiency is developed in this article. The practical application of the system of criterion indexes of efficiency of brand management foresees the strategic orientation of enterprise on the intensive way of development of own trademarks and achievement of high level of efficiency in a dynamics; exposure of reserves of application improvement of the brands’ potential.

The perspectives of further researches in this direction is the development of mechanism management of a brand capital which would provide its effective application and analysis not only economic but also a social efficiency component.

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О.В. Кендюхов. Системне рішення оцінки ефективності бренд-менеджменту в конкурентному середовищі: методологія бенчмаркінгу

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Системне рішення оцінки ефективності бренд-менеджменту в конкурентному середовищі: методологія бенчмаркінгу

У статті на основі узагальнення результатів досліджень провідних вчених у сфері бренд-менеджменту доведено, що застосування бенчмаркінгу для оцінки ефективності бренд-менеджменту є найбільш адекватною сучасним ринковим умовам системою оцінки. Внаслідок цього в статті розроблено методичку оцінки ефективності бренд-менеджменту на основі бенчмаркінгу. Практичне використання системи критеріальних показників ефективності бренд-менеджменту передбачає стратегічну орієнтацію підприємства на інтенсивний шлях розвитку власних торговельних марок і досягнення високого рівня ефективності в динаміці, виявлення резервів удосконалення використання потенціалу брендів.

Ключові слова: бенчмаркінг, ефективність бренд-менеджменту, оцінка бренда, еталон бренда, ідентифікація бренда, торгова марка.

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Системное решение оценки эффективности бренд-менеджмента в конкурентной среде: методология бенчмаркинга

В статье на основе обобщения результатов исследований ведущих ученых в сфере брендового менеджмента доказано, что применение бенчмаркинга для оценки эффективности брендового менеджмента является наиболее адекватным современным рыночным условием системой оценки. Вследствие этого в статье разработана методика оценки эффективности брендового менеджмента на основе бенчмаркинга. Практическое использование системы критеріальних показателей эффективности брендового менеджмента предусматривает стратегическую ориентацию предприятия на интенсивный путь развития собственных торговых марок и достижение высокого уровня эффективности в динамике, выявление резервов совершенствования использования потенциала брендов.

Ключевые слова: бенчмаркинг, эффективность бренд-менеджмента, оценка бренда, эталон бренда, идентификация бренда, торговая марка.

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