MECHANISM OF BRAND FORMING AND DEVELOPMENT IN THE SERVICES SECTOR

V. Kostynets
National Academy of Management,
10, Vinnytska Str., Kyiv 03151 Ukraine
Lucile_13@mail.ru

Abstract: The article deals with an analysis of theoretical approaches concerning the essence of branding and its peculiar features in the services sector. Branding is a logic sequence of management actions aimed at reaching a set goal, a balanced investment approach to creating a brand essence and related with it communications (internal and external ones) and it subsequently promotes increases in profitability and value of brand being an asset. On the basis of the conducted research the mechanism is developed and the stages of brand forming (Competitive Brands Analysis; Developing the Concept of Brand Positioning; Developing Brand Strategies; Brand Image Forming; Forming Brand Identification; Forming Loyalty of Consumers to the Brand) and development grounded in the specified field.

Keywords: brand, branding, service sector, loyalty, consumer, brand identification, brand development.

Introduction

Brand product forming and development is one of the most effective instruments of marketing mix. Branding gives an opportunity to provide distinctive or unique features of a product not having a material coating is becoming more and more popular today and thanks to this many brands in the services sector are well-known.

It should be noted that services are in some way different from goods and this difference is reflected in the approach chosen for brand forming and development. First of all services cannot be felt: consumers cannot see, feel or touch services received. Secondly, services are not storable goods. They cannot be stored as it is in case with products. If an airplane ticket isn't sold today it is lost forever. Services become apparent just in the moment of their rendering. And finally they have such a peculiar feature as fickleness of quality (Palchuk, 2003). It is precisely the present day acceleration of services sector development being a prerequisite of economical modernization that causes the necessity of designing the mechanism of brands forming and development in the given sphere.

Branding in the sphere of goods and services was researched in scientific works of theoreticians and practitioners in our country and abroad: D. Aaker, S. Bedbery, L. Vud, M. Morina, M. Palchuk, V. Pertsia, I. Rozhkov, Yu. Shatava and M. Karpyshenko etc. Authors of the given works focus their attention on general notions of branding, but it is worth noting that matters concerning peculiar features of designing the mechanism of brand forming and development in services sector haven't been solved yet.

The purpose of this research is in designing and grounding the mechanism of brand forming and development in the services sector.

Results

Creating a brand in the services sector is a creative work based on deep knowledge of the market. Activities of brand forming and development (branding) presupposes an availability of a definite mechanism. Branding mechanism is a body (combination) of knowledge about measures and means of managing the process of brand forming and development.

Taking into account the above mentioned problems an American marketologist J. Rendall proposes the following possible solutions of this.

First of all they include using additional elements. Business in the services sector has additional advantages in comparison with those dealing in manufacture. Apart from the classic complex it has three additional elements: people, process and material proofs. Of course people are the central element of any service. For example «Singapore Airlines» declared high leveled quality of its services by means of long-term advertising campaign. And it brought positive results. And except for this «Singapore Airlines» is trying to
improve the quality of service rendering process itself. Business class passengers have an opportunity to inform about their favorite dishes, drinks, places etc. All this information is taken to database and is taken into account for servicing during flights. This intention to render high quality services corresponds with the main brand values.

Secondly, constant innovations should be mentioned. If innovations being introduced to the service have excellent practical results they may be copied rapidly. That's why not only brand itself but also staff facilities must be invested. It is necessary that all staff members should think over ways of possible working process improvement.

Thirdly, a brand should be made accessible for perception. For example, «Crabtree and Evelyn» shops display traditional English values although it is an American brand. The most vivid example is «McDonald’s». This company can be easily recognized because of their branded letter «M».

Fourthly, personal sources of information should be given preference. First of all this solution is aimed at using direct marketing and puffing advertising.

Fifthly, long-term relations should be developed. This solution of the problem is provided by means of personalized approach and is used for delivering information about improvement of rendered services taking place in the organization.

Sixthly, clients should be managed. For creating a unified prosperous service brand the process of clients servicing should be managed. Services must be rendered in a way which excludes all negative aspects.

Seventhly, service should be developed. The process of rendering services must be equal at each sales outlet and should comply with terms of standardization. A vivid example is «McDonald’s» company. It controls not just every ingredient but also all aspects of rendering services in order they always were of equally high quality.

Eighthly, high attention should be payed to recruitment of staff as well as to the process of working with staff members. For example «British Airways» spent millions of dollars in order its staff members could pass programs of intensive training on customer service. These programs give an opportunity to clearly explain the goal of the brand to staff members.

«Disney» company has the strictest program of personnel selection. The main and the single criterion of company success is in clients' satisfaction. All staff members must strive for this.

Ninethly, demand should be managed. There are companies using a flexible system of recruiting staff members in order to manage changes in demand. Demand management is a difficult concern. In order to perform it properly all possible technologies must be used and a special attention must be payed to pricing (Randell, 2003).

Analysis of theoretical approaches concerning the mechanism of brand forming gave us an opportunity to draw a conclusion that in the opinion of a number of sciences the main stages of brand forming are as follows:

1. competitive brands analysis;
2. forming signs which will characterize the brand and differentiate it from other brands;
3. forming the brand image;
4. brand positioning.
5. forming brand identity.

To our opinion the stage of forming signs which will characterize the brand and differentiate it from other brands may be a part of brand positioning stage. In addition to this we propose to add the following stages to the process of brand forming:

- developing the concept of brand positioning;
- developing brand strategies;
- forming loyalty of consumers to the brand.

So the mechanism of brand forming in our interpretation is going to have the following structure:

The 1st stage - Competitive Brands Analysis. Analysis of rivals is a necessary stage in the process of brand strategy designing. An approximate structure of analyzing competitors is as follows: defining competitors; defining competitors' goals; analyzing competitors' strategies; evaluation of strong and weak points of competitive brands; evaluation of threats and opportunities of competitive brands; defining competitors which should be avoided or «attacked».
The 2nd stage - Developing the Concept of Brand Positioning. Work on developing any brand should be started from its positioning in the market. Let’s define that Brand Positioning is the place in the market this or that brand takes in relation to competitors alongside with purchasing needs and perception; it is a part of brand identity to be actively used for distinguishing this or that brand from those of competitors. In respect to this Brand Positioning Statement defines the place this or that brand takes in minds of the target segment in relation to competitors. It is focused on those brand advantages which distinguish it from among its competitors.

It should be noted that brand positioning is a complicated and multidimensional process. It has a complex nature, it reflects the concept of brand market position and is formed on the basis of the main principles of this mark distinguishing this brand from an analogous group of services.

Positioning is the basis of all communications originating from the brand. In its turn brand positioning must reflect all main trademark characteristics:

- brand price orientation: what social group of consumers it is aimed at;
- purpose: what benefit consumers are going to get buying a service of this precise trademark;
- brand distinguishing feature: main advantages of the mark.

Thus, brand positioning consists of following points:

- brand name;
- positioning within the trade group;
- functional purpose;
- price orientation;
- main advantages in comparison with a competitive brand or a substitute service (in result of artificial comparison).

Forming a brand presupposes giving answers to four questions. These questions give an opportunity to precisely define the positioning:

For whom? - defining the target group of consumes brand is created for.
Why? - consumers' benefit they receive as a result of buying this precise brand.
For what purpose (For what use?) is this very brand needed? In comparison with which competitor?

After these key questions are answered defined is the brand strategy, i.e. ways of using organizational resources for creating brand value.

The 3rd stage - Developing Brand Strategies. The Strategy includes the following elements:

What is the target audience?
What is to be promised (proposed) to this audience?
What evidence should be presented in order to prove that this proposal is worth something?
What final impression should be left?

Brand strategy also defines methods of performing the fore above mentioned points i.e. How a service is produced, named, classified, represented and advertized. Promise of advantages given by authors of a brand is that very main idea lying in the basis of this brand. This very idea must be taken as the main thought of a future advertising campaign developed for this brand (or as other methods of moving forward which are going to be used for this brand). Creating a brand you should always keep in mind positioning of goods and strategies developed for this brand. You shouldn't overload your brand with numerous ideas. It is necessary to choose a single idea (the most valuable one) and bring it to minds of consumers.

The 4th stage - Brand Image Forming. The notion of "Brand Image" was introduced into marketing practice by D. Ogilvy, and the essence of this notion was defined by K.L. Keller - «ideas about brand, reflecting associations connected with the brand, left in minds of consumers». K.L. Keller defines that these associations can change their strength (accessibility of information), adequacy (conformity of information being generated with demands of consumers) and uniqueness (indicator of the fact that this association is not typical for competitive brands).

Brand image should be divided into three categories directed from concrete to abstract:

- attributes (price, image of user, image of using);
- benefits (functional benefits connected with physiological needs; sensual benefits arising in the process of using the product of feeling; symbolic benefits - need of social approval or self-respect);
- attitude towards the brand being perceived as a brand overall assessment performed by consumers.
From the above (line of) reasoning let's propose an author's definition of the essence of brand image. Brand Image is an image being deliberately created and endowing an object (person, organization, country etc) with additional values. And this promotes a more emotional perception of it.

The 5th stage - Forming Brand Identification. As for brand identification, it is based on brand identity. Signs of brand identity are as follows:
- actuality - peculiar features of a service, brand name, advertising, logotype (constituent letters), brand characters, personal communications etc.;
- brand characteristics - characteristics attributed to the brand by consumers.

To our mind characteristics of a service brand include:
1) signs causing definite emotions - feelings consumers correlate with this trademark;
2) signs characterizing quality and reliability of the service.

The main goal of forming brand identity is to represent an ideal content from the point of view of further decoding of this information by consumers. That's why in the process of branding first of all it is necessary to embody the main signs of the service in a symbol with minimal possible alternations; secondly, it is necessary to compare perception of the mark by consumers; thirdly it is necessary to reach the maximal possible concurrence between brand images formed and perceived on the basis of an effective management of marketing communications.

Thus we can conclude that brand identity is forming a single integral brand image presenting the essence of the service and its peculiar features perceived by consumers. As far as the essence of a service can be disclosed with a help of any signs, brand identity can be expressed by various components being in their turn means of its identification. Analysis of the concept of brand identity forming gives us an opportunity to define the following main constituents of this process:
- brand positioning - what the brand proposes and whom it is oriented on;
- brand position - demonstration of advantages in comparison with competitive brands;
- brand identity - a set of unique features characterizing the given brand;
- brand values - value orientation on social groups of population;
- brand perception - how consumers evaluate the quality of this service, emotions caused by brand attributes and characteristics;
- brand image - impression about the brand created by consumers of this service and mark.

The 6th stage - Forming Loyalty of Consumers to the Brand. Loyalty of consumers to the brand is a psychological factor connected with brand perception by consumers. The strength of commitment to the brand is defined by choosing this brand providing that other alternative variants are possible. It is often measured through frequency of repeated purchasing or through price sensitivity.

So, the mechanisms of brand forming and development in the services sector and of branding in the sphere of production have many common problems. And principles which can be successfully used for forming brands of various kinds of services are formed by means of involving people to the services sector, paying attention to clients' thoughts, internal market research, training staff members and using creative approach.

Discussion
Summing up the results we can conclude that the process of service brand forming and development is very important because it promotes the development of company business in future. Orientation on long-term prospects promotes increasing the value of assets. And in connection with this brand should be viewed as a long term asset and as a measure of getting profit on a regular basis. So, branding is a logic sequence of management actions aimed at reaching a set goal, a balanced investment approach to creating a brand essence and related with it communications (internal and external ones) and it subsequently promotes increases in profitability and value of brand being an asset.

References