Chapter 1

The Holistic Vision of Brand Management

Paolo Popoli

Additional information is available at the end of the chapter

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Abstract

Over the past several decades, brand management has gone through an evolution from the traditional customer-oriented and firm-focused paradigm toward a wider vision concerning the target and the users of the brand and the process of creation of the brand value. In particular, the brand management literature has endorsed the *stakeholder theory* and *service-dominant logic* principles with reference to the process of determining the brand meanings and the brand value. The aim of this chapter is going over the evolutionary process of the brand management during the latest years in order to get to a holistic vision, considering the brand as a conceptual construction originated by the interaction between the firm and multiple stakeholders and the brand value as the result of a dynamic and social process of co-creation of the brand meanings and functions. Therefore, this chapter is conceptual in nature, and it aims to investigate the state of art of brand management providing conceptual examinations about the way the brand meanings and value originate, with a particular reference to the present economic and competitive contests dominated by the Web-based technologies and by the related interaction processes within a broad stakeholders' ecosystem.

Keywords: brand management, brand value, stakeholder theory, brand value co-creation

1. Introduction

The traditional vision of the brand management had been characterized by two basic elements: the first one is its focusing on consumer, target of the building of the brand, and all its tangible and intangible elements contributing, as a whole, to give a precise identity to products and services that aims to be different from the competitors in consumers' perception; the second element considers the brand value, synthesis of the brand identity, the brand image, the brand positioning, and the brand awareness, as the result of the marketing managers' action.

On the basis of these two elements, the brand has been defined as "a unique set of brand associations that the brand strategist aspires to create and maintain" [1] or "a long lasting and stable reference" [2]; also, the definition given by the American Marketing Association [3] follows the formulation of the brand as customer oriented and manager focused, according to it, the brand is "a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors."

These two pillars of the traditional brand management have been both progressively considered old-fashioned from the theoretical and conceptual point of view so as from the managerial [4–7], letting the brand management evolve toward broader analysis prospects related to the brand target and to the process determining the brand value. In particular, the evolution experimented by the brand management during the last decades points out the way the brand is first of all the result of co-creation processes and not of a unilateral generation made by the firm, and moreover, it is the result of a relationship not only with the consumers but also with all the stakeholders the firm interacts directly and indirectly. It follows a further logic consequence which is very important for the conceptual classification of the brand, that is, it must be considered as the result of dynamic and social processes [6, 8] developing among a plurality of stakeholders and in the co-creation perspective [5, 9, 10].

Moreover, a further novelty element coming from the social and technological macro-environment is the creation of virtual communities among the consumers and among the stakeholders facilitating and amplifying the phenomenon of the co-creation of the brand value and its exit from the logic of generation inside the firm. These virtual communities are the result of the modern information and communication technologies and in particular of the Web-based technologies, connecting all the world real time without space and time boundaries. Therefore, according to the latest literary and managerial settings, the brand management has to face new competitions as regard to the past, which gets real through the birth of a new set of issues and managerial choices that the firms have to make in the new outlined scenario.

This chapter is dedicated to the closer examination of these topics with the specific goal to achieve a holistic vision of the brand, where all the sources of the brand value and the internal and external factors of the firm contribute to the building of the brand meanings. In particular, what is underlined is the brand as a conceptual result originating not only by the managerial choices made by the single firm in the customer marketing perspective but also from the whole framework of the relationships the firm maintains with its stakeholders through social processes of the brand value co-creation.

This chapter is organized as follows: the next two sections are going to describe the fundamental evolutionary guiding principles of the brand management consisting first of all in the consideration of all the stakeholders and not only of the customers as target and users of the brand (Section 2) and secondly in the progressive unfastening of the brand from products and services created by the firm with the consequent birth of an autonomous identity of the brand as a result of processes of co-creation involving firm, customers and stakeholders (Section 3). The fourth section analyses the link between the stakeholder theory and the brand management initially from the conceptual point of view and then from the one of the main managerial implications. The fifth section discusses about the process of co-creation of the brand value in the online context, and the way the social media and the Web-based technologies create dynamic and social processes among stakeholders, becoming the privileged place for the creation of the brand meanings and so of the brand value.

2. Brand management beyond customers

According to the traditional view, the brand has been considered from the firm-customer dyadic relationship perspective, and the traditional questions marketing managers put were "which features constitute the essence of a brand" and "which cognitive emotional and relational processes consumers use to create their associations with products or services" [11]. Therefore, the focus was on consumer, and the tangible and intangible brand dimensions were about the product or the services offered by the firm. According to this perspective, Keegan et al. [12], among others, stated that "brand image can identify a product, give it personality, and influence consumer perceptions." Moreover, the brand dimensions were considered as the result of the marketing managers' action within the building and constant improvement of the brand value.

Since the publication of first work by Freeman [13] about the role of stakeholders in the strategic management, many of the conceptual paradigms in management matters have been reassessed in the light of a new vision of the firm as plunged in a net of external relationships essential for its survival and success. With regard to the brand management, the application of the stakeholder theory [14–17] has its great impact on showing the need to go beyond the firm-customer dyadic relationship, building the brand value and considering the brand value as created within multiple relationships with all the stakeholders [5].

The movement from the customer-focused-logic to the stakeholder-focused-logic has modified the traditional notions of branding theory [18]. The most significant result of the birth of stakeholder theory is that the brand is not considered as a tool at marketing managers' disposal and under their control anymore, but it is created through the interaction with multiple actors within co-creation processes. As observed by Heding et al. [19], "the brand is subjected to social and cultural changes completely outside the brand manager's control. This means that the marketers are not the only authors behind the brand meanings."

As far as consumers are concerned, it has to be underlined that (1) consumers are not passive recipients of brand meanings, but they are active co-creator subjects, and (2) the brand value creation happens in a more elaborate way than the simple firm-customer relationship, since it is fundamental that the role played by the brand communities creates their identity related to the brand. The same remark has to be made concerning the way stakeholders act during the co-creation of the brand value, since they are not distinct and mutually exclusive, but they interact among them and with the firm in the field of interconnected networks of relationships [20].

It follows that the brand management logic has to be reconsidered considering that the brand is a concept to be seen from the perspective of collaborative processes and co-creation between the firm and its numerous stakeholders and that the brand value is not confined to the one created for—and perceived by—the consumers, but it stretches to the brand value created for—and perceived by—all the stakeholders. Starting from these assumptions, the brand is a concept that parts from the product or the service [21] and takes the form of a social process resulting from the interaction with stakeholders [6]; the brand goes beyond its association with products or services and survives them through its relational, expressive, and social meanings [22].

3. Brand management beyond product

Recently, one of the most significant conceptual passages in literature and in practice of brand management has been the success of service dominant (S-D) paradigm. Really, it is a paradigm that was born at first in the marketing subject in general, and then, it has been investigated and applied to the specific field of brand management.

The S-D Paradigm has been conceptualized by Vargo and Lusch in the early 2000s [23]; in their work "*Evolving to a new dominant logic for marketing*" in 2004, the authors underline the way the traditional paradigm of good-centered and customer-focused marketing was not suitable in presence of the achievement of services as driver of value creation anymore; in particular, in the era of intangible resources and services economy of the last two decades, the market exchange had become something more complex than a transaction between firm and customers of goods created by the firm. In this obsolete logic that the authors defined "Goods-Dominant" (G-D) [23], firms produced value incorporated in goods. Consumers were exogenous from the process of the value creation, and they were passive subjects, simple target of the value created by the firm. The exchange object between firm and customers were the goods and services created during the productive processes managed by the firm, under the control of the firm and the value of those goods and services materialized in the commercial transaction.

This logic underestimated both the role of integrative services and complementary to the basic good/services in the perception by the consumers of the value received as a whole by the firm and the participation of the customers to the creation itself of that value through the consumer processes (*value in use*). In case of the *business-to-business* sector, this participation was more intense as related not only to the consumer processes but also to the design and realization ones.

In the era of immateriality and services, the market exchange between firm and customer is seen as a mutual exchange of intangible resources, knowledge, and skills, and so it is defined as a "service for service" exchange [24]. Therefore, between the late 1990s and the early 2000s, many marketing concepts and managerial criteria have been affected by new partnership-based and network-based perspectives [25–27], having modified the traditional interpretation of the processes of creation and exchange of value. Therefore, Vargo and Lusch [23] conceptualized the new service-dominant logic (S-D) as a substitute for the G-D logic, which became more and more insufficient for the comprehension of the logics of the value creation and of the factors determining the achievement of competitive advantages.

The service-dominant logic is based on the assumption that at the core of the exchange relationship between firm and markets, there are "services" and not simple outputs of productive processes as "goods or services." Therefore, the market exchange is seen as a collaboration process between firm and customers, where customers take an endogenous position during the process being involved in the creation of value and not just target of it. Using the S-D logic, the vision of the unilateral creation of value by the firm with the consumers as target and users of this value is passed by the adoption of a vision of co-creation of value through collaborative processes and a mutual exchange of services (knowledge and skills) between firm and customer. But there is something more in the S-D logic that the exchange whose protagonist is that the firm does not occur just with its consumers but with all the stakeholders, the firm interacts with more or less directly and more or less intense [28]. Therefore, it can be considered not a *value-in use* referred just to consumers but a *value-in-context* to include multiple stakeholders and multiple markets in the concept of created value.

All these concepts elaborated at first by Vargo and Lusch [23] related to marketing in general have been subsequently investigated and applied also to the specific brand management context, considering the fact the relational dimension of the brand was emphasized so as its "identification" functions both for the producer and the user. From this perspective, the brand gets progressively away from the goods and the services created by the firm, becoming an autonomous exchange entity between the firm and its reference markets. The goods and the services consequently become simple vehicles for service provision within the entire firm relational framework. For these reasons, there is a shift from the logic of the transactional exchange to the relation exchange and to the linked statement of the principle that firms cannot deliver value but only make "value proposition" [25, 29].

3.1. The evolution of brand management logic

Also in the light of this new analysis perspective, Merz, He, and Vargo [6] identified four phases of the evolutionary process of brand logic, whose final result includes all the concepts contained in the S-D logic; in short, the brand is not firm provided and goods centered anymore, but it is conceptualized as a collaborative value co-creation activity of firms and all of their stakeholders.

In particular, the four phases identified by the authors are the following (**Figure 1**):

1. *Individual Goods-Focus Brand Era* (1900s–1939s);
2. *Value-Focus Brand Era* (1939s–1990s);
3. *Relationship-Focus Brand Era* (1990s–2000s);
4. *Stakeholder-Focus Brand Era* (2000 and forward).

In the *Individual Goods-Focused* phase, the brand is considered as "identifier," that is to say what it allows the consumer to identify a particular product and the firm to differentiate it from the competitors' one. The brand value is included into the products, and the consumers are passive subjects, target of the firm offer, and exogenous from the process of value creation.

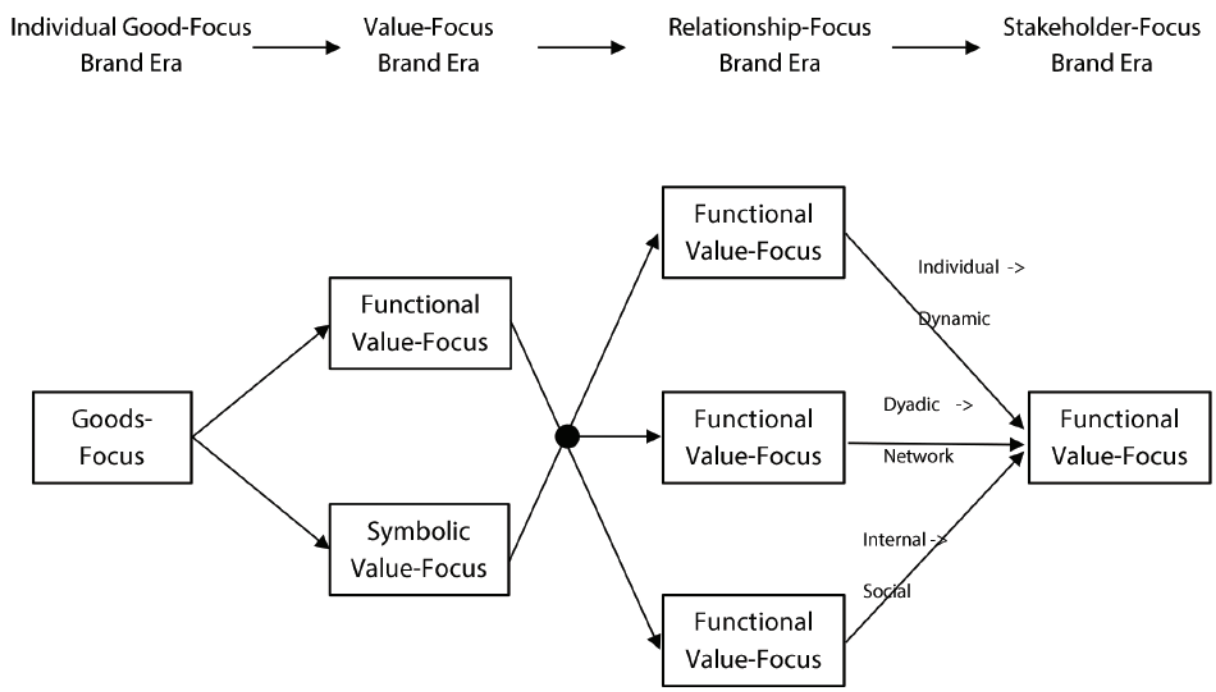

Figure 1. The evolutionary phases of brand logic. Source: Merz et al. [6].

Moreover, the brand value is determined during the value-in-exchange, which is realized through a commercial transaction where firm and customers are opposing subjects each one driven by its specific goals.

In the *Value-Focused* phase, the brand is enriched by meaning and functions going beyond the one as simple identifier; the concept of brand image asserts itself [30–32] with a double profile, the *functional image* and the *symbolic image*. The brand image is conceptualized as the set of perceptions associated by the consumer in the process of selection and choice in consideration of the functional and symbolic value given to the single competing goods [33]. Nevertheless, the brand value is still essentially created through a traditional process of trade, and the consumer can be seen as a target of the creation by the firm of the functional and symbolic elements associated to the products. What emerges in this phase is that the brand starts to be perceived as a medium of symbol more than functionalities, so that it starts to distance itself from a specific product and to assume its autonomous and dematerialized value.

In the *Relationship-Focused* phase, the brand is analyzed in the light of the relationships established between firm and customers [1, 34, 35], between customer and brand [36, 37], and between firm and brand [38, 39]. The brand is so considered as the core of multiple relationships, where it comes from including the meanings and the functions made in those relationships. During this phase, the consumer changes significantly his/her relationship with the brand, taking a determining role within the process of value creation. First of all, it is not the passive target of the offer anymore, but it becomes a co-creator of the brand value, since the brand value creation takes place in the mind of customers through the perceptive process every consumer experiences during his/her personal relationship with the brand.

So the brand value is not just the result of the action of the firm marketing managers, but also the result of the interaction between the customer and the brand; this means moving from an output-centered logic to a process-centered one in determining the brand characteristics [37]. It follows that the brand value, synthesizing the brand identity, the brand awareness, and the brand image, is determined in the customers' perceptive processes, through the general set of the associations every single consumer makes in his/her emotional, cognitive, and behavioral relationship with the brand.

With regard to that, Aaker's [36] formulation of the concept of brand personality and its association to the human personality one is very interesting. According to the author, the brand has its own specific personality as every person has his/her one. What is important during the process of brand value creation is the way the personalities of the single consumer and the brand one contact each other and in particular the adequacy the consumer recognizes between these two factors. In other words, the consumer sees the brand as the chance to build/strengthen/consolidate its own specific personality in the vision he/she has got about his/herself.

In detail, Aaker [36] identifies the following five big dimensions of brand personality: sincerity, excitement, competence, sophistication, and ruggedness, and for each of these, he identifies some specific facets. Referring to Aaker's work [36] for more insights on the subject, it is sufficient for the purposes of this study to point out the translation Aaker made of the dimensions of human personality to brand personality, through which it becomes more simple to understand the reason why the consumer forms his/her preferences: in a nutshell, this reason may be summed up in the word "identification." Consequently, the more consistent the consumer's personality is with the brand, the likelier it is for the consumer to develop a preference for that given brand.

In the consumer's perspective, the perception of brand personality is formed directly and indirectly. In direct mode, the consumer picks up the brand personality through physical and visual contact with the product, experiencing the technical, functional, material, and esthetic attributes (product design, logo); indirectly, the consumer perceives brand personality through the associations of symbols and values that are created by the name, content, and forms of advertising, by the other consumers that use the brand, by endorsements, and, in general, by marketing communication.

Moreover, the way consumers perceive brand personality is also conditioned by their social, economic, and cultural characteristics. As discussed earlier, the consumers' preferences for a given brand are formed through a process of identifying their personality with the brand, and all the dimensions of the individual personality thus enter into play. It follows that consumers with social, economic, and cultural characteristics that differ from one another form their opinions on brand differently, because their needs differ, as does, consequently, the way in which they prioritize the brand's meanings and attributes.

Differently from the two previous phases, when the brand value is determined in the exchange processes as *value-in-exchange*, in the relationship-focused brand, the brand value is determined in the relationship between customer and brand as *value-in-use*. So the consumer is not an exogenous subject concerning the process of the value creation anymore, but it becomes an endogenous element through the described process of co-creation of the brand value.

Another important aspect characterizing the *Relationship-Focused* phase concerns the role of the firm employees within the process of brand value creation. As observed by King [38] and de Chernatony [39], the employees are an important part of the brand value co-creation process, since they play a very important role in the customers' experience. This is very important in the world of services, but also concerning the manufacturing products, the presence and the interaction moment with the customer are frequent. During the interaction with the customer, the front-office staff contributes to the creation of experience of purchasing and/or of using a specific good or service by the consumers, and so, it is an important element determining the brand value. Berry [40] states strongly that "in labor-intensive service business, human performance, rather than machine performances, plays the most critical role in building the brand." de Chernatony [39] suggests that the brand has to be seen also as the vision and the culture of the specific firm, and in a sense, it represents "a promise" the firm makes to its markets; the internal staff with their behavior, their values, and their goals are part of this promise.

In the fourth and current *Stakeholder-Focused* phase, the brand is observed within social dynamics involving a great number of firm stakeholders. Beyond the consumers and the employees (external and internal customers' brand), many scholars underline how all the firm stakeholders take part in determining the brand meanings [5, 41, 42]. In particular, the brand is seen as a "social process," and its value is going to be determined in the field of a wide group of opinion makers and stakeholders. In this way, a very wide community including not only the customers strictly speaking but also the admirers and the stakeholders spreading ideas and evaluations concerning a specific brand is determined. This exchange and sharing of experiences, evaluations, and ideas concerning the meanings, the functions, and the general characteristics a brand has got is called "brand community," and so the brand value is determined by the set of all the stakeholders' perceptions.

In this perspective, the process of brand value co-creation that in the previous phases concerned just the customers spreads toward the stakeholders. The brand communities concerning just the customers spread also toward the admirers, the no-customers, and all the ones taking part in this process of brand creation and perceptions. It follows that the *dyadic relationships* in this process of brand value creation are substituted by *network relationships* among customers and other stakeholders. As observed by Iansiti and Levien [43], the brand value is created through social relationships and interactions inside the ecosystem of all the stakeholders.

Concerning the way and the moment in which the brand value develops, the *value-in-use* mechanism, seen before with reference to the relationship-focused phase, spreads toward the other stakeholders. So the brand value is determined within a common interest of social sympathy characterized by wider boundaries involving every possible mover who can contribute more or less intensely and more or less directly to the formation of the brand perceived value-in-use.

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In conclusion, the evolution of the brand logic in the described four phases allows to define the principal aspects of brand management according to a holistic vision considering all the factors the brand value comes from. The salient points of this approach are:

1. The brand is more than an identifier embedded into goods; it is beyond the products and services arranged by the firm, and it includes meanings and functions taking shake inside a network of relationships among firm, customers, and stakeholders;
2. Consequently, the brand is not under the exclusive control of marketing managers and firm, but it is the result of social and relational processes of co-creation (from “output orientation” to “process orientation”);
3. The mechanism of determining the brand value is in the brand perceived value-in-use determined by all stakeholders;
4. The relationships between the brand and the stakeholders cannot be defined as dyadic relationships but as network relationship, since there is a network of common relationships each one influenced by the others.

4. Linking stakeholder theory and brand management

As said before, the brand management unfastened from the consideration of the customers only, evolving including the principles of the stakeholder theory and allowing an important progress of the knowledge about the way the brand value and the brand equity are determined [5].

The stakeholder theory represents a milestone of the studies about the strategic management and the value creation theory, as it rules that the success of the firm depends on the qualities of the relationships established with all its stakeholders. In particular, the stakeholder theory states that the firm has to be able to identify and satisfy the expectations the stakeholders have as regard its activity considered as a whole (products, services, productive methods, and managerial methods), and that the firm has to set this goal as essential condition for its survival and development. It follows that the concept of value created by the firm is referred to the “global value” created for all the stakeholders considering that firm is a unit of the social and the economic system, which interacts with other system to achieve its institutional goals.

In brand value terms, this means that the meanings of the brand have to be coherent not only with the customers’ expectations but also with all its stakeholders. As already said before, the creation of the brand meaning is a well-organized process, which materializes through all the stakeholders’ contribution through dynamic and social interactions and within co-creation processes (**Figure 2**). In this framework of social relationships, the stakeholders bring a great variety of ideas, opinions, expectations, and evaluation criteria becoming cognitive heritage of all the participants and that form the sources of the brand value; they are not passive subjects target of contents created by the firm but endogenous subjects in the process of brand value creation [44].

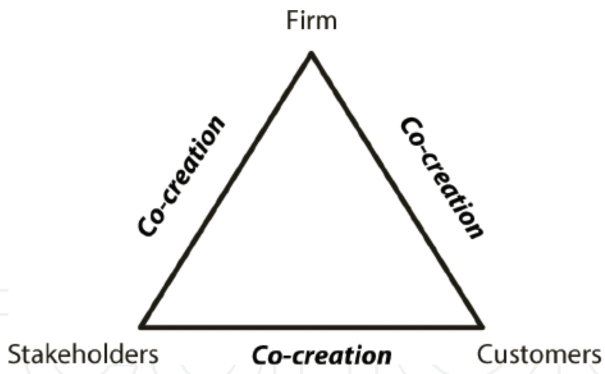

Figure 2. The co-creation process through stakeholder-firm-customers relationships.

Moreover, the relationship established between the brand and the stakeholder is bidirectional, since the stakeholders contribute to the formation of the meanings and of the brand value, but vice versa, the brand contributes to the building of the stakeholders' identity. In fact, as observed by Schlenker [45] and Scott and Lane [46], in the different forms of social interaction, the stakeholders are simultaneously engaged in the construction of their individual identity, and the decisions of what and how sharing certain contents with others is functional to the self-definition of their own identity.

According to Jones [5], the consideration of the stakeholders in the brand management field allows to affirm that:

- The created value lies in the interaction between the brand and all the stakeholders;
- The way the value is created consists in the identification and the consequent satisfaction of the stakeholders' expectations which have to be made consistent with the business mode and the firm goals;
- The interaction between brand and stakeholders is bidirectional, and reciprocally influencing in the sense that the managers' action on the brand influences the stakeholders' perceptions about the meanings of the brand, and the stakeholders' action influences the overall perception of the brand.

The entry of the stakeholder theory into the brand management allows to better understand how, in the present economic and competitive systems, the brands take different meanings. In particular, so as the stakeholders' expectations about the brands are wider and more differentiate and involve the economic, social, and environmental profiles; also, the brand meanings have to be seen from the economic, social, and environmental perspective at the same time [47–51].

In conclusion, the brand value is underlined as reflecting the collocation of the firm in the economic and social system, because it measures the degree of acceptance by all the stakeholders (customers, suppliers, employees, public administration, category associations, NGO, trade unions, etc.) not only and not particularly of the firm product proposals but also of the behavior of the firm according to the multidimensional evaluation criteria (economic, social, and environmental ones).

4.1. Some managerial implications

The holistic vision of the brand management originating from the consideration of the stakeholders as co-creators of the brand value has important managerial implications for marketing managers. The first step to do is identifying before everything else the stakeholders of the firm having a link with the brand and who so can be potential participants of the value creation process [52]. In fact, it is clear that the stakeholders are a universe with very varied subjects inside, and so they express needs and interest toward the brand which are very different each other, interacting with the brand more or less directly and with different intensity.

Moreover, some of them have steady relationships with the brand, while other ones have occasional relationships and linked to particular aspects. The most important aspect is identifying the kind of exchange generated between the stakeholder and the brand, and so the potential existing in this exchange in order to create the brand value (**Figure 3**).

After having reconstructed the relationships framework with the stakeholders, the marketing managers have to determine an order of priority of the stakeholders based on their importance in order to improve the brand value. Therefore, the stakeholders who mainly influence the determination of the brand value and with whom there is the chance to establish short and long-term relationships will be considered; according to Doyle [53], the brand value is a concept seen not only as short term but also most of all as long term.

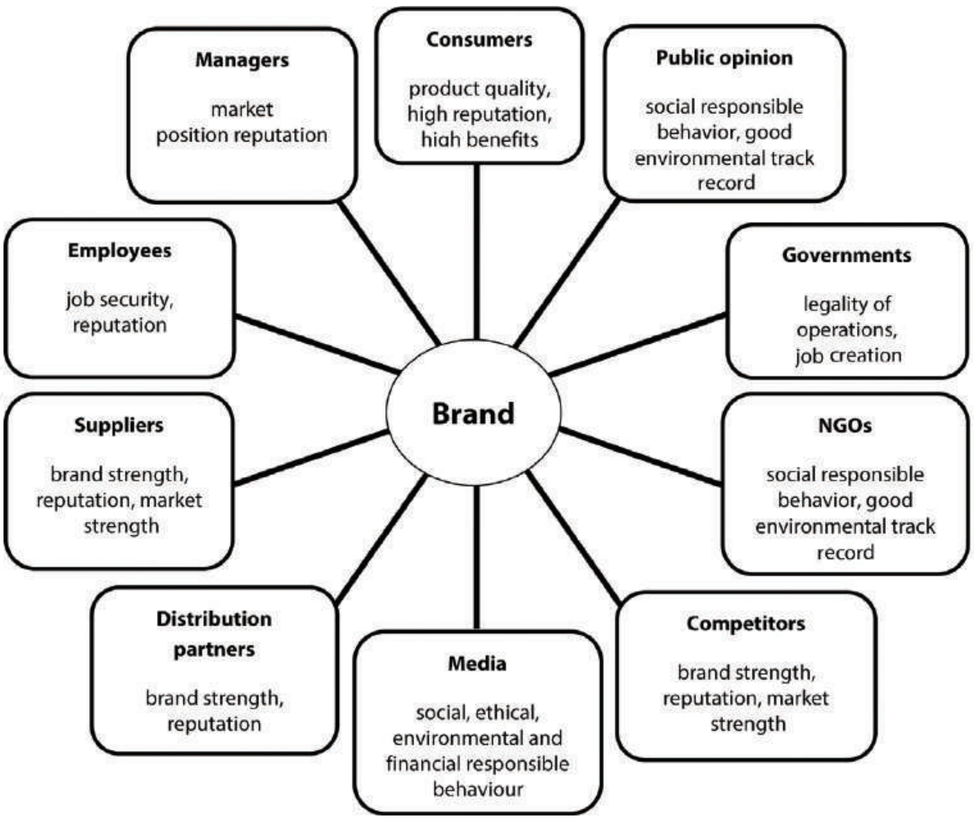

Figure 3. The daisy wheel of brand equities. Source: Jones [5].

5. Brand value creation in the online context

A particularly important aspect of the brand management in the present competitive contexts concerns the mechanism of construction of the brand value in an online context, putting together the offline relational dynamics with the online ones occurring not only among the customers but also among the several stakeholders [54–56]. The spreading of Internet and social media is a phenomenon having a big impact on the brand management and on all the relational and interactive processes between customers and brand, firm and customers, and firm and brand. Social media and Internet amplify the relational processes occurring among a multitude of stakeholders, and so they consolidate significantly what said by now, that is, the meanings of the brand and its value are the result of social relational processes of co-creation. The online platforms (company websites, brand community websites, anti-brand websites, online forums, and weblogs) allow the starting up of the relational dynamics, where the stakeholders can exchange, clearly and accessible by everyone, information, knowledge, experience, and opinions about the products, the services, and the firms; therefore, this social exchange process represents the way the online multistakeholder brand meaning co-creation occurs [8, 57].

The stakeholders in these relational networks introduce new and further elements merging with the brand value because they intervene with their specific culture, their values, and their expectations toward the brand [58], giving all the subjects taking part in the network further elements of reflection, criteria of evaluation, and perspectives of observation. All this increases the sources of brand value. The meanings and the functions of the brand can originate from and increase the number of subjects who have been in the end the co-creators of the brand value.

This exchange of information, evaluations, and experience occurring on the online platforms consolidates more and more the fact that the brand meanings develop, for an important part, out of the control of the marketing managers and the firm. This fortifies the mechanism of co-creation of the brand value as a result of dynamic and social interactions taking place among customers and other stakeholders. From one side, the marketing managers are just one of the subjects taking part in the process of the brand value co-creation, from the other side customers and stakeholders are not the recipients of the meanings and the functions created by the firm, but they become protagonists and endogenous elements in the process of brand value creation, playing the role of co-producers.

The social media and the other Web-based technologies allow the creation of brand communities where this exchange and sharing of contents happen. The brand communities are not physical but virtual masses of consumers and stakeholders, sharing some interest about the brand. Muniz et al. [41] define them "a specialized, nongeographically bound communities based on a structured set of social relationships among admirers of a brand." The brand communities make the interaction easier connecting whoever desires to take part in these social relationships and the exchange. The diffusion and the comparison of information, ideas, and experience become mechanisms of brand meanings co-creation.

As observed by Muniz and O'Guinn [59], through these online platforms, the stakeholders share meanings for brands, co-creating brand value. Moreover, these online social processes produce other important effects in favor of consumers and firms. For the consumers, it is the minimization of the risk of purchase specific goods or services, the reduction of research and comparative evaluation costs, the rise of the degree of trust toward the firm, and its offer [60]. For the firms, the brand communities are a facilitating e-commerce factor and a context where the links between the firm and its markets strengthen. From this point of view, the brand communities can be considered as a tool of communication marketing available for the firms in order to increase trust, reputation, image, and corporate value.

Moreover, the brand communities are also a source of innovation for firms since in the discussions involving several stakeholders' new ideas, new market needs, new functions, and new use of products and services, so as new business opportunities can emerge. So the firms need to activate and take part in these relational processes in order to control the processes of formation of the brand meanings, being aware of representing just an actor among many within the whole process of value co-creation.

A last aspect deserving of being underlined concerns the fact that the discussions occurring online can be activated either by the firm or by a third party (customers or other stakeholders). About this aspect, Christodoulides and de Chernatony [61] observed that online discussion sites are an important online marketing tool and affect significantly on the online brand value. Moreover, an empiric study done by Czerwinski et al. [24] shows that the firm-generated discussion sites are more effective and incident on the construction of the online brand than the discussions made by the third party. So, the firms have to play an active and positive role in the creation and the management of the discussion sites and monitoring attentively what happens in these virtual communities.

6. Conclusion

In this chapter, it has been investigated the evolution of the brand management during the last decades through the analysis of the prevailing branding literature concerning the process of determination of the brand meanings and the brand value. It has been underlined the way the conceptual formulation of the brand management has been influenced by the *stakeholder theory* and by the *service-dominant logic*, getting to outline a holistic vision of the brand management parting significantly from the traditional and more reductive customer-oriented and firm-focused vision. In particular, the new following conceptual foundations, on which the branding theory is founded, emerged:

1. The brand cannot be observed anymore in the light of a firm-customer dyadic relationship, where the firm defined the meanings and the functions of the brand including them in the created goods and services, but it has to be observed in the light of dynamic e-social processes in which multiple stakeholders take part in from a brand meanings and brand value co-creation perspective. Therefore, the brand is not targeted to firm customers only

but to all its stakeholders who have to be considered as subjects with special need and expectations toward the brand functions and meanings that turns to be a passage from a customer-oriented vision to a stakeholder-oriented one with the consequent enlargement of the brand concerning functional, social, and relational dimensions going to impact on the whole stakeholder ecosystem;

2. The brand meanings have been progressively got away from the good or service created by the firm, and consequently, the brand value is not determined within the traditional trade relationship (*value-in-exchange*) but within a social and economic exchange between the firm and multiple stakeholder (*value-in-use*), among these—and not only—the customers. Moreover, neither the consumers nor the stakeholders can be considered as exogenous subjects as regard the brand value creation process, but they are endogenous subjects taking part at the goal of maximizing their interest toward the brand;

3. The brand meanings determined through the interaction between brand and stakeholders gain consequently an autonomous identity getting away from the goods and services and that is determined instead in the social and relational processes (from "output orientation" to "process orientation"); therefore, the brand value is the result of the interaction among multiple stakeholders;

4. The brand value is not under the exclusive control of the marketing managers anymore, but it is the result of a co-creation process all the stakeholders take part in; the brand is so seen as a "social process" involving firm, employees, customers, and stakeholders, in the light of not dyadic but network relationships. Every subject of these has an important role to define the brand meaning and the consequent brand value seen from several perspectives.

Starting from these new conceptual assumptions, in the chapter, it has been explained the existing link between the stakeholder theory and the brand management in the light of the service-dominant logic, allowing to understand the way nowadays the brand assumes economic, social, and environmental meanings broadening enormously the brand management range. From the managerial point of view, this implies the need of the firms to register and satisfy a wide spectrum of needs and expectations coming from all its stakeholders and the need to face a process of brand meanings and brand value creation, which goes out of their complete control. As a consequence, it is necessary for the firms to develop wide relational skills with all their stakeholders, being very careful to the inevitable prioritization of the expectations toward the brand.

Finally, starting from the assumption that the brand meanings and the brand value originate from co-creation processes and not unilateral creation processes, in the chapter, wide room has been dedicated to the analysis of the brand value creation process in the online context. In the online brand communities, stakeholders can participate with variable intensity and differentiated interests. Nowadays, the Web-based technologies allow everyone interested to share ideas, opinions, brand evaluation criteria, and prospects taking part so at the creation of its meanings and functions. It follows that the brand communities have to be considered as a fundamental marketing communication tool in the construction

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of the brand value, and thus, the firms have to become an active part in the discussions concerning the brand. Avoiding the online discussion will occur out of their control and participation.

Notice

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Author details

Paolo Popoli

Address all correspondence to: paolo.popoli@uniparthenope.it

Parthenope University of Naples, Naples, Italy

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Chapter 2

Product Placement as an Effective Tool for the Brand Positioning

Hanna Górska-Warsewicz and Olena Kulykovets

Additional information is available at the end of the chapter

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Abstract

Brand is currently one of the most important tools in the battle for the consumer. Therefore, positioning of the brand nowadays is a priority element in the marketing strategy of the enterprises. Each of them strives to effectively reach the consumer through various sources of marketing communications. The alternative to traditional advertising in the press or television has become the nontraditional marketing communications such as product placement and branding. This tool is much more effective because of the ability to direct the relevant marketing message to selected audience group at the right time and place. The aim of this chapter is to present selected aspects of product and brand placement as an unconventional tool for brand positioning. The special attention was given to define product and brand placement as well as to present its role in the creation of brand value for customers. This chapter consists of four parts related to (1) "introduction"; (2) "brand positioning and its role in product and brand placement"; (3) "product placement as one of the unconventional promotional tools with special attention given to definition, advantages and disadvantages, effectiveness, as well as some examples related to movies, printed publications, and video games"; and (4) "conclusion."

Keywords: brand, product placement, brand positioning, consumer, marketing communication

1. Introduction

To create strong brand, the proper strategy should be involved, which provides a foundation for development of brand-building programs and typically includes brand objectives, consistent brand name and identity systems, target audiences, positioning, key communications messages, and prioritization of brand touch points.

The aim of this chapter is to present selected aspects of product and brand placement as an unconventional tool for brand positioning. Unconventional marketing tools should create value for the customers by building strong brands. Brand is defined as a name, term, sign, symbol, or design, which is intended to identify the goods or services one seller or group of sellers do and to differentiate them from those of competitors.[1]

The special attention will be given to define product and brand placement as well as to present its role in creation of brand value for customers. The examples of successful brand positioning using product placement will be presented with selected results from secondary and primary consumer research.

2. Brand positioning and its role in product and brand placement

For the purpose of product placement description, it is important to underline the specific elements of brand definition. The brand is a simple identification idea like name, logo, symbol, or trademark in one hand, and on the other, it is a complex idea that contains many tangible and intangible components. The brand is a hallmark of quality, the promise or assurance for the buyer, the icon, and the image which makes consumers buy products bearing the brand. In such situation, the brand becomes the symbol that connects the company and its products with consumers creating a relationship and represents the personality of the product in a changing market environment [1, 2]. Brand can be also seen as a sum of associations caused by names and symbols or a set of attributes such as personality, values, associations, and quality, affecting the purchasing process of consumers, functioning in the consumer minds, and, although associated with the real world, reflecting the perceptions of consumers [3, 4]. A brand can also be analyzed as a strategic resource of the company, comprehended as an asset, which should be suitably protected. This asset should be analyzed as an intangible and legal, the value of which cannot be exactly determined until it is the subject of purchase transaction [5].

In the literature, the brand is seen as a promise of added value and a unique experience that stakeholders, including consumers, may experience for a long period of time [6, 7]. Furthermore, brands that have been successful are able to quickly establish the relationships (emotional and personal) with the consumer. When it is a long-time relationship, then it will generate a brand loyalty [8].

The brand from the definition is the product that adds the other dimensions that distinguish it in some ways from other products designed to meet the same needs. The brand is the essence above the physical and functional product [9].

[1]American Marketing Association Dictionary. "Brand and branding" definition [Internet]. Available from https://www.ama.org/resources/pages/dictionary.aspx?dLetter=B [Accessed: 2017-04-12].

In recent years, there has been a shift of perception from the product (product focus) to the brand (brand focus). This approach expresses the brand as an image in consumer minds, a personality, and value [10]. In this aspect, the brand should be seen as a multidimensional design that integrates the physical and intangible attributes of the product and is composed of three elements: the brand image (the way which consumer perceive the brand), brand identity (the way the creator of the brand wants the brand being seen), and the brand positioning (brand positioning in the market) [11].

A comprehensive approach to the brand stems from the fact that consumers perceive products by associating the brand with all the attributes experienced by the purchase and the use of the product. Separating the two attributes (associated with the brand and the product) is difficult due to the occurrence of interaction. Brand as a "multi-faced notion" can be considered in the in the concept of Davidson through the branding iceberg (**Figure 1**). In this view, strong brand is a result of business strategy implemented with success. This concept implies the existence of elements of visible and invisible to the consumer or user, which should be analyzed as a point of view during the construction of a competitive advantage. In this aspect, important elements are visible reflecting undertaken by the company decisions regarding marketing and related investment processes and allocation of funds. The items below so-called water level are related to the competencies, assets, and capabilities of the company focused on a specific brand.

Adopted by Davidson, iceberg branding concept varies depending on the products or services offered. For example, external appearance means packaging for consumer products and the

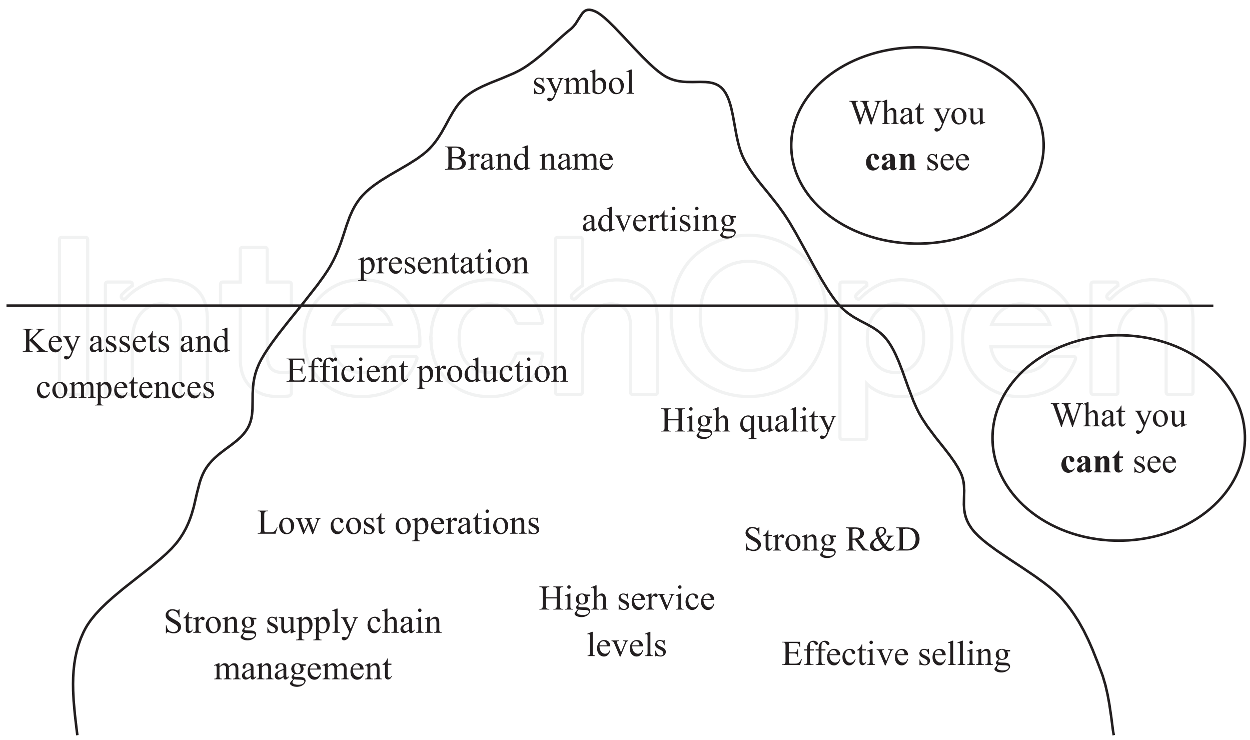

Figure 1. The brand iceberg. *Source*: [12].

appearance of the store and trade stands—in the case of retail outlets. This aspect is important depending on the category of food product because of different perceptions of products and packaging and varying degrees of marking. This follows from the nature of services provided in a particular place (usually being seated, owned by the service provider, or rented by him) and time associated with the inability to storage services.

In product and brand placement idea, the Kapferer theory is adopted to point the relationship between product and brand [13]. The product represents the visible attributes, while the brand reflects the guarantee and provides consumers the benefits of its strength. There are different associations related to the brand such as vision; philosophy; the characteristics of typical buyer, like personality; etc. An important issue is the halo effect, which is the main source of value created by the brand (**Figure 2**). It should be regarded as a synergistic effect resulting from the interaction of the visible and invisible features of the product brand value. In this aspect, well-known brand influences the perception of consumers in terms to product attributes, multiplying the effect of receiving the message.

In product and brand placement, the main function of brand is very important. Brand allows the identification of the product, ensuring the attributes that differentiate the brand from the other brands. Brands make the interpretation and information-organizing processes concerning the product easier [14]. The simplification of the decision-making process by the brand can organize a lot of information about a particular product, which simplifies the daily choices [15]. The informational function of the brand is carried out in a direct way (the information is contained in the name and logo of the brand) or indirectly (information based on associations and suggestions relating to benefits) [16]. The other transformational function occurs when

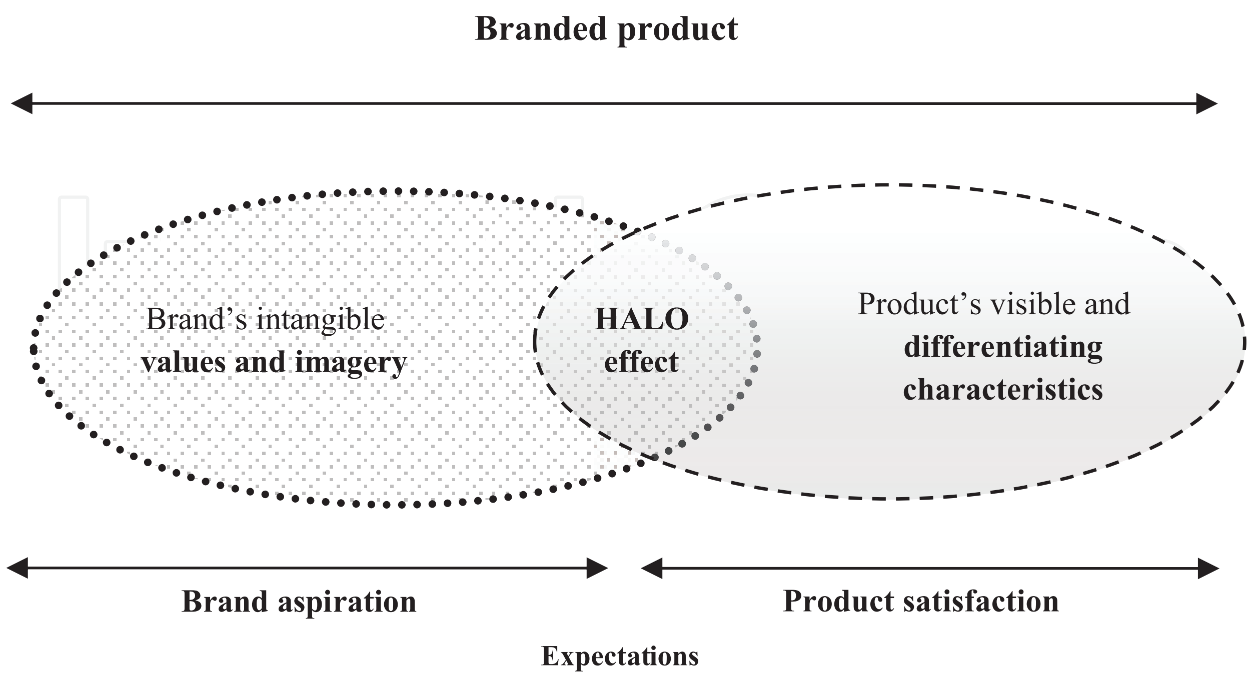

Figure 2. The product and the brand. *Source*: [13].

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the brand awareness significantly enriches or even transforms experiences related to the consumption while consumer imagination about the brand can be significantly affect the perception of the physical side of the product perceived by consumers to the brand [17].

In product and brand placement, the purpose of brand positioning is to explain how the brand will create a sustainable competitive advantage in the minds of customers in order to gain loyal customers and to ensure revenue and profits.

Brand positioning attempts to capture a place in the mind of the customer with its identity. It means that marketers try to put brands into the specific group of customers or into their minds in a very sophisticated way, to show them product with its differentiators and values. The result of positioning is called image. This is why the primary focus is placed on perceptions, and not on products. One of the definitions about brand positioning says that "product position refers to a brand's objective (functional) attributes in relation to other brands. It is a characteristic of the physical product and its functional features. The perceived image of the brand belongs not to the product but rather is the property of the consumer's mental perceptions and in some instances could differ widely from a brand's true physical characteristics" [18].

From the consumer perspective, symbolic function resulting from the social nature of brand consumption is very important [19]. It allows certain groups to emphasize their personality and find its place in society; it becomes a tool for self-determination and communicates their identity in the social environment. Brand as consumption symbols shows the ability to fill the symbolic and valuable function for the individuals [20–22]. The perception of a brand as a symbol determines the symbolic importance of it, the ability to reflect the emotional side of the consumer's identification with desired reference groups or social status. Construction conditions of symbolic significance of brands are associated with a group of consumers or users of the products offered under the brand, perception of the buying and consumption process of the brand, and the ability to reflect the average buyer of branded products [23].

Brands create some emotional benefits experienced during buying or using the brand [24]. At the same time, the consumption of certain brands is a mean to transfer some values even in the social sense [15]. For the experience entirety of consumer with the brand, it is desirable for coexistence of rational, physical, and emotional benefits [25].

A brand personality is an important element of strong brand, which means that a set of selected human characteristics should be associated with brand [26, 27]. Brand is an important part of the process of communicating the company with the market. It communicates to consumer, shareholders, communities, and the world the values that present a product or company [28]. The growing importance of the brand steams from growing information and product competition [29]. In this aspect, the brand is encoded in the form of sign communication to recipients of marketing activities of the company. A company is a broadcaster deciding on the assignment of the brand and the recipient—a potential or actual buyer [30]. This process should be considered also as a broader market communication, and the brand plays an important role in this bilateral process [31].

For enterprises, brand name and what the brand represents are the most important assets: the basis for a competitive advantage and the current and future profits [32]. This facilitates access to distribution channels, entering into a new product category and market segmentation [33–37]. This is done also due to a loyal consumers group and legal protection of the unique features of the product [37–40]. At the same time, strong brands contribute to create company's image and facilitate the introduction of a new product [37].

The competitive advantage of companies with high brand equity includes the ability to expand, flexibility in connection with promotional activities of competitors, and the creation of barriers to competitive inputs [41]. Competitiveness in the globalization era should be treated as a categorical imperative in the existence of enterprises [42]. In this aspect, one can speak about the strategies of competition: the cost leader, the diversification of the offer in relation to their competitors, and concentration [43]. Strong brand as a cost leader means reduction of promotion costs, an increase in bargaining power in the distribution channels, and the use of the strategy of strengthening its brand. The purchaser in relation to a strong brand accumulates a considerable amount of information, so that the product stands out and creates a picture of the uniqueness of the brand, which affects consumer confidence, reparability purchases, and building consumer loyalty to the brand. Concentration indicates distinction and better satisfying the needs of target segment [44].

The importance of brand placement must be analyzed due to brand equity. Brand placement is based on perceiving the brand in the context of its equity, backed by appropriate branding strategies.

One of the first definitions of brand equity was proposed by Farquhar, pointing out that brand equity is "an added value that the brand gives the product." This definition was the basis for subsequent inquiries and definitions [45, 46]. Many researchers have made definitions consistent with Farquhar one [47]. For example, it was mentioned that brand equity is an attitude toward a branded product and added value that reflects that attitude [1, 48, 49].

In the course of reflection, two groups of brand equity definitions were clarified: the financial perspective and the emphasis on business value, and the consumer perspective, which defines brand equity as a value for the consumer [50–52].

Aaker who opened an important group of theoretical considerations defines brand equity as "a set of brand assets and obligations, it's name and symbol that adds or subtracts a value from a product or service delivered to a business or consumer", in other words "which determines the value of a product or service marked by brand for the buyer" [53, 54]. The foundation for the definition of Aaker, one of the most famous in the field of marketing, puts Holbrook, pointing out that brand equity is created in the minds of consumer through a diverse set of presumptions and brand views [55].

An important contribution to the development of the brand equity theory was given by Keller that defines brand equity as "branding marketing effects" [9]. The assumptions for this definition concern situation, when certain results were achieved through marketing activities associated with branded product or service and did not occur when the same product or service was not branded. Author also pointed out that brand equity represents a varied effect of brand awareness on the consumer's response to brand marketing [56]. It reflects the consumer's response to concrete brand marketing efforts compared to the response about marketing of fiction product or unnamed version of product or service. It introduced the notion of consumer brand equity (consumer-based brand equity) to label that occurs when a consumer knows the brand well and has positive, strong, and unique associations with the brand in his mind. These associations are referred to as primary, which contains brand and attitude views reflecting the perceived benefits to the brand.

In this aspect of consumer brand equity, consideration should be given to branding and product placement.

From the company point of view, the importance of the brand should be analyzed also in relation to the creation of competitive advantage. Urbanek proposed three-element model to create a competitive advantage based on brand differentiation, leadership cost, and concentration (**Figure 3**) [57]. The first type relates to the competitive advantage of leadership cost, reflecting lower cost in relation to the primary activities, and supporting the value chains. The search for cost advantages among the primary measures concern of the internal and external

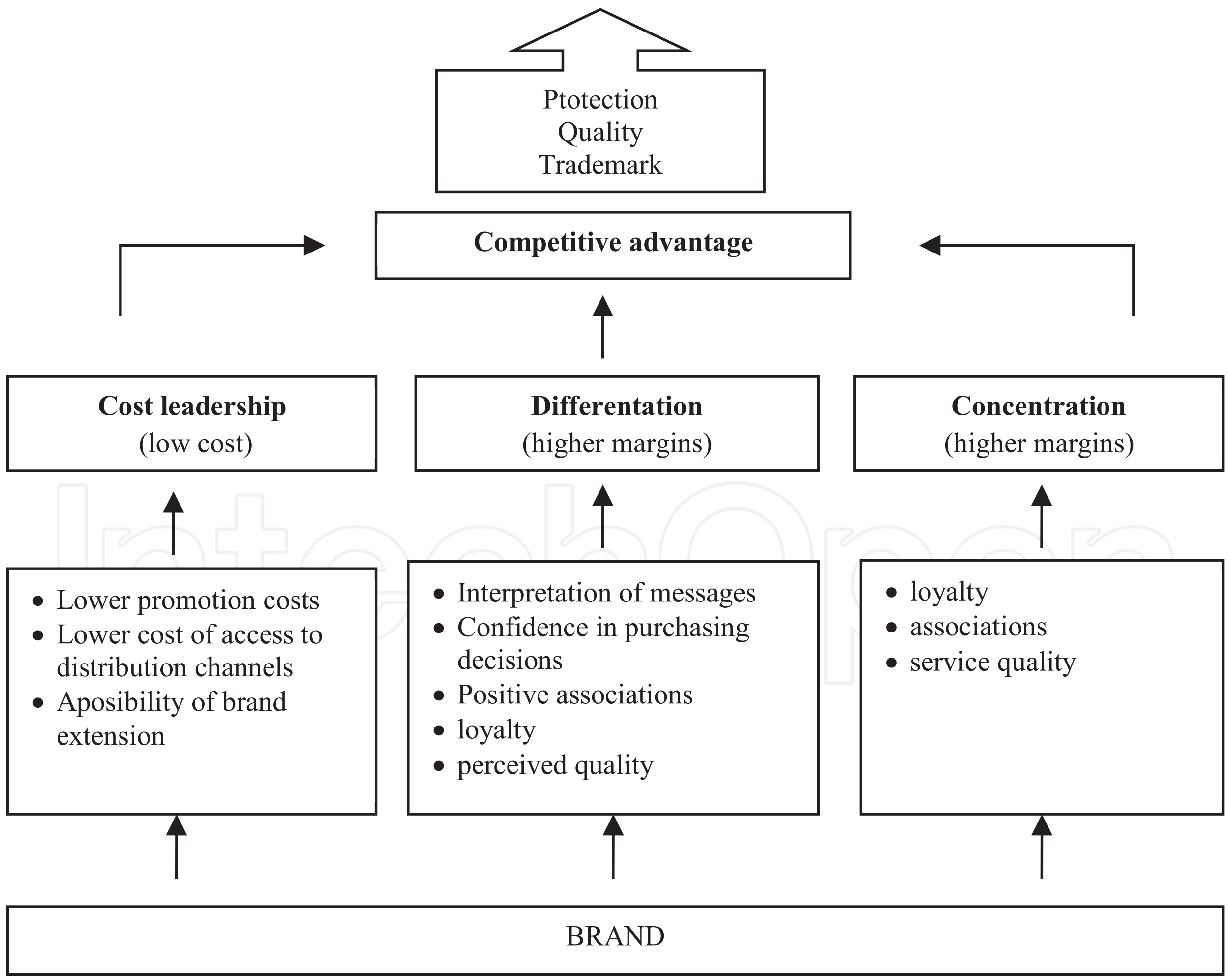

Figure 3. Participation of the brand in the creation of competitive advantage. *Source*: [57].

logistics, individual operations, marketing, sales, and service and within supporting activities: shopping, technology, human resources management, and company infrastructure. The second type of competitive advantage concerns the diversification treated as a way to gain a competitive success in relation to create a product which offers consumer more value. This takes place through innovative processes, ensuring better product characteristics, service, and support to customers and increased frequency of deliveries, or just in time, choosing the right distribution channels and product positioning in the context of brands. The third way of creating a competitive advantage refers to the concentration of activity in a specific market segment. This allows to better service segmentation and adaptation the products to their needs. Also determines consumer's loyalty toward brands.

Brand as a key success factor in the company can be analyzed in terms of revenues, profits, added value, and market shares [58]. A strong brand influences consumer behavior and consumer decision-making process, thus determining the reception of marketing activity [59].

Packaging is a part of the marketing activities in the field of brand building. Placing complete information on the package including logo and the manufacturer name increases the confidence in the producer and may be an important driving factor to make the repurchase. The attractiveness of the packaging also affects the assessment of the perceived quality of the product and brand. Consumers convey the impressions package made to assess the quality of a product [60].

Brand influences companies' decisions regarding prices. This stems from the perception of the price from the consumers' point of view through the prism of a quality and value of a product [61]. Consumers differ in terms of price they want to pay a brand relative to competing brands and the reaction to increase or decrease prices. Empirical research confirms that brand leaders gain higher price differences [62–64].

The main task of brand positioning is to find a key to the customer's mind, which is full of different brand names and slogans, and stay there for a longer period of time. One of the sectors that intensively used positioning is food market. Positioning strategies become more important among all others for manufacturers in the food market. Their goal is the correct positioning of a product designated by the brand in the market space [65]. This applies to determine the reference group, choosing the method of informing consumers about the brand, its strengths, and finally its benefits. There are range of brand positioning strategies in literature which include:

- positioning because of the consumer—directing the brand using selection of the appropriate elements of the product for well-defined target group;
- position because of the brand attributes—is based on a particular attribute emphasizing the brand;
- positioning based on consumer benefits—related to certain benefits which are rational reflection characteristics of the product;
- intangible positioning—associated with the reference to quality, leadership, and healthiness;
- positioning based on the use of the brand—the identification of new brand applications;
- positioning based on the relation price to quality—associated with several price levels;

- positioning because of the relation class to a category of the product;
- positioning in relation to well-known personalities/celebrities;
- positioning because of the country of origin [66].

Frequently used strategies of brand positioning in the food market are positioning because of the consumer, brand attributes, benefits for the consumer, and the price to quality relationship. Positioning that used brand attributes and highlights the benefits for consumers' innovative, functional, and newly introduced products to the market. This also applies to products and brands with long market exposure. Positioning strategy connected with price-quality relates to products of the premium or super-premium category and the economic ones. The use of the relation price to quality in premium category can be found in the coffee category. The factor that increases the efficiency of transmission in the brand positioning using the image of a celebrity is a person. A celebrity is presented with the name but also with a specific identity and way of being. The transmission of advertising is used for transfer of image, which means that certain values of the name are transferred on the product, service, and brand. This strategy was used on the Polish market of food products from the second half of the 1990s.

An interesting strategy of brand positioning in the food market is positioning due to the use of the product in particular in the context of the search for new ways of its use. Often in such cases, the educational and promotional campaigns are conducted.

3. Product placement as one of the unconventional promotional tools

What does traditional brand promotion mean nowadays? Why does an ordinary advertising do not work? Consumer today is more conscious and demanding; that is why conventional way of product brand promotion is not enough. Nowadays, marketers try to reach for unconventional marketing tools. To such kind forms of marketing communication include:

- Ambient media (advertising, marketing)—alternative and innovative solutions in the public space and generate consumer astonishment by engaging them.
- Guerilla marketing—unconventional, most often controversial actions connecting different media based on low cost, prepared specially for a specific client, and are implemented in the short term, often on the edge of the law.
- Word-of-mouth marketing—marketing activities aiming to get messages across the consumers via direct "spontaneous" verbal communication; the phenomenon of rumors is being used in this kind of marketing for spreading the information in the specific target group.
- Buzz marketing—global madness, euphoria, and hysteria, encompassing informal discussion about the particular product, service, and company as well as giving people a reason to talk about the brand, goods and services, and the possibility of the establishment of this conversation.

- Viral marketing—encouraging clients to provide marketing content to others, which causes a geometric increase the number of recipients.
- Tryvertising—incorporation of goods or services in the daily lives of consumers in so natural manner that his subsequent purchasing decisions are based not only on advertising messages but also above all on their own experience.
- Product placement (blended promotion)—placement in films, theater performances, radio and television programs, and other communication media of a brand, product, or situation that presents a certain pattern of behavior, which is promoted by the sponsor.
- Ambush marketing—marketing strategy involving the promotion of private label during major sport events without charging a license fee to the event organizer; for this reason, it is frequently on the edge of the law.
- Unconventional measures at the sales point, which include scent marketing, audio marketing, visual merchandising, and unconventional indoor advertising.
- Unconventional advertising forms on the Internet—screensavers, desktop marketing, and podcasting.
- Mobile marketing—marketing activities conducted with the use of mobile devices that consumers are used to and most often takes the form of mobile message or mms but also a permission communication.
- Advertorial—a form of press advertising such as editorial, like a sponsored or promotional article.
- Infomercials—are the equivalent of sponsored articles on television, like a paid advertisement [67].

Unconventional and new forms of promotion are different from traditional, primarily in an innovative and unusual character, which increases the chances of drawing attention as well as a greater emotional involvement of the viewer. These tools form a new solution to fastly and more effectively to reach the consumer.

3.1. Product and brand placement: definition

One of the customs and rapidly growing forms of promotion is product placement. This is a relatively new form of promotion, especially on the European market. There are lot of definitions of a given phenomenon. Commonly the term "product placement" began to be used in the early 1980s. First, it was used to the practice of placing products in movies and then in the scientific community [68]. **Table 1** shows some of them.

In literature, one can find product placement under other conceptions like brand placement, tie-in placement, or plug-in placement. There are several forms of product placement depending on which emphasis is placed:

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- Generic placement attempts to draw attention of the viewer on the product, ignoring informations about brand and manufacturer.
- Utility placement in this case, is the demonstration of the possibility of using the product.
- Brand placement includes the demonstration of the product and information about the brand and producer.
- Corporate placement—the company name (like a neon sign or advertisement on the street) appears during the transmission.
- Organization placement—the promotion object is mentioned by the name of organization or institution [76].

Author (year)	**Definition**
S.K. Balasubramanian (1994)	Paid information about the brand product in a movie or TV show, the aim of which is the impact on the cinema (television) audience in a planned unobtrusive manner
S.M. Vollmers (1995)	Paid product placement is a planned incorporation of a branded product or service (brand, logo, packaging, mark, or brand advertising) in entertainment mass communication in exchange for money or bilateral promotional exposure. Unpaid product placement is a planned incorporation of a branded product or service in the entertainment mass communication in order to add realism or to provide the information about the character or situation
J.A. Karrh (1997)	The inclusion on the principles of payment branded products or brand identifiers, by means of audio and visual programs of the mass media
A. d'Astous, N. Seguin (1999)	The incorporation of the brand or company in to the movie or TV show for promotional purposes and by different means
E. Nowińska (2001)	Conscious placement in certain transfers for a fee strictly selected props to induce advertising effect
A. Czarnecki (2003)	The method of promotion by placing on the commercial basis in the movie, play, or television or any other audiovisual or printed mass media a product or situation that presents a certain pattern of behavior
Directive of European Parliament and Council 2010/13/EU of 10 March 2010	Any form of audiovisual commercial communication consisting of the inclusion of or reference to a product, a service, or the trademark thereof so that it is featured within a program, *in return for payment* or for similar consideration

Source: own study based on a literature query [69–75].

Table 1. Selected list of definitions of product placement.

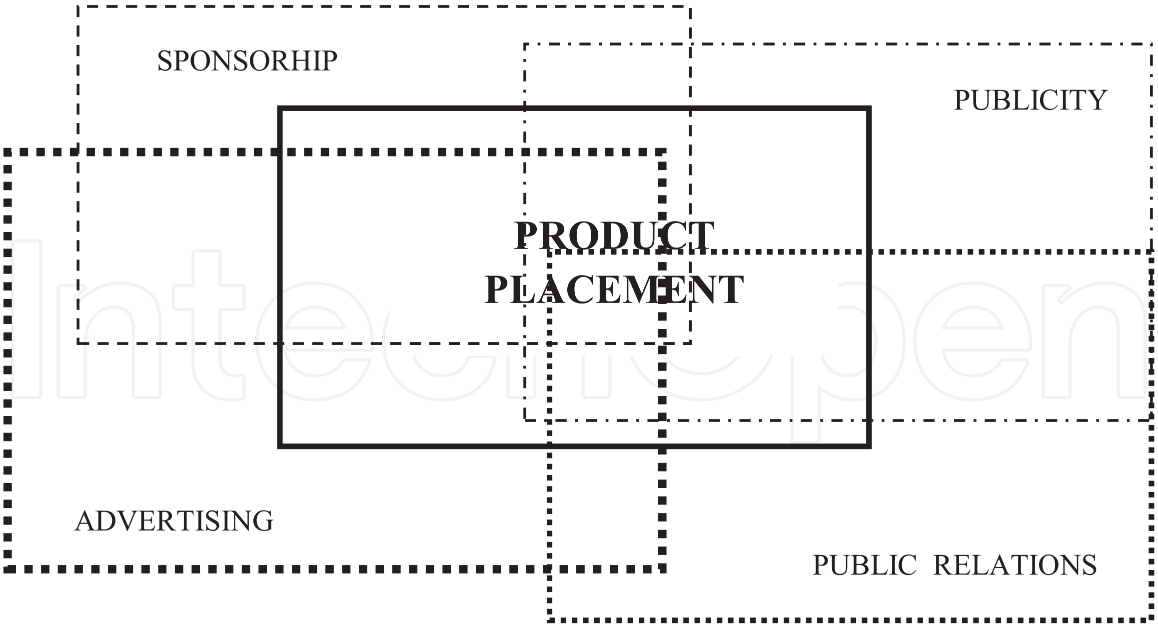

Figure 4. Product placement as a mixed form of promotion. *Source*: [78].

Selected types of these forms have different impacts on the effectiveness of the recipient. The product, which is directly exposed, observes approx. 30% viewers; if the product is used by the actor, observation increases to more than 50%, and if the main character is using the product, visibility increases to 80%. If there is a verbal mention of the product, approx. 60% of recipients will notice it [77].

Product placement as a process combines several elements of promotion like sponsorship, advertising, public relations, and publicity (**Figure 4**). Frequently, it is difficult to set clear boundaries between the product placement and publicity or sponsorship. According to Choliński, a product placement should be considered as brand or product appeared in the programs according to the predetermined script (such as movies, TV serials, video games, plays, paintings, sculptures, etc.). Live stream advertising is just a sponsorship, and brands appearing in live programs should be treated like publicity but not a product placement [79].

3.2. Advantages and disadvantages of product placement

Although, the product placement is an effective tool of marketing communication, it is not without drawbacks. However, numerous advantages which affect the effectiveness of product placement cause that these negative elements become less visible. Summary of positive and negative aspects of product placement presented below.

The most important advantages are:

- An alternative to the traditional forms of advertising—product placement in contrast to television communication does not affect the interruption of the broadcast. The advertising blocks cause viewers annoyance.

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- Credibility of the message—brands presented in film or TV series introduce an atmosphere of authenticity. The recipient, seeing on the screen the products that they know from the real world, is gaining confidence in the presented content.
- Ennoblement of the product—brand in the audiovisual transmission occurs in the company of celebrities who are using them. According to the viewer, they are attractive, so they become an object of desire.
- Low cost and high efficiency—the cost of placing the product is much lower than the one the advertiser incurs in the case of television advertising. Often companies have the possibility of placing the brand in exchange for providing props for the film, which is a minimal cost to them.
- Unlimited range—product placement in film provides a viability of reaching out to a wider audience, because the film can be seen in any place of the world. It is an attractive offer for companies operating globally, because they have a chance to get to an international customer base.
- The ability to promote products prohibited in classic advertising—product placement creates a space where producers can present their goods prohibited by law in the advertising. These include such product as an alcohol and tobacco products. Movies are extremely attractive for manufacturers of such kind of products, because in the classic promotion way, they have fewer opportunities than, for example, food.
- Unlimited access—each audiovisual work appears in several mass media; in the case of films, the first is movie theater, then the Internet, DVD, and television. The viewer therefore has unlimited access to the image, and thus located product can be seen many times.

Among the drawbacks of this promotion tool may be mentioned:

- Unpredictable number of customers—it is difficult for manufacturers to predict whether the film or any other works will succeed or not. Careful selection of the cast and a good idea for a film script do not guarantee a success. It may happen that using of brand placement will incur costs, but the investment will not return.
- Bad placement—the receipt of product placement depends on the scriptwriters who bring a brand to the film. If done ineptly, the manufacturers and sponsors of the video project may expose the negative reviews from the audience. In the era of the Internet, bad opinion spreads very quickly. For example, let us take a car as a product for placement. Let us put the car into scenes where in the first one after a large crash, the car will still look like after small collision in the consumer's mind; this car brand will look like a product of a high quality. Let us take another scene with the same car crashing but where the car after all will look like a pile of metal; the car brand can be received having low quality and not worth of trust.
- Keep ahead of the time—the introduction of product placement takes place on the stage of the scenario in the case of feature films which may even be a few years before filming. At this time, product can change the visual identification and some external characteristics (logo, package, etc.) so the image of this product will be out of date.

- Limited opportunity for differentiation of communication—the situation applies to brands operating globally. Sometimes a product comes in different countries under a different name or not present at all, which is some kind of limitation that does not allow to fully exploit the potential of this kind of promotion tool. Ignorance of the placement brand leads to uselessness of product placement as a tool for marketing communication.
- Low sales effect—product placement carries out the functions of branding. Therefore, this tool requires a support of other forms of promotion that will make the consumer decide to purchase.
- Lack of control over the life of product in the film—once located the product is located in the film forever. It may happen that the product will be withdrawn or start to be positioned in a different way, thus making its presence in the film out of date.

3.3. The effectiveness of product placement

One of the main issues concerning product placement is to investigate its effectiveness. Russell and Belch created a model for assessing the impact of product placement (**Figure 5**). According to this model, assessing the value of product placement should take into account three variables: characteristics of the placement, characteristics of the context, and characteristics of the recipient. In addition, there are two types of placement: single placement and integrated placement. Types of placement can also be mixed with each other [80].

The research carried out so far regarding the product and brand placement showed a positive relationship between placement exposing and memory variables such as reminder and recognition. Significant differences between explicit and concealed placement are also found [81]. In concealed placement, only attributes such as appearance of the product without enhanced integration and convergence of high plot or content are used [82].

3.4. Product and brand placement: movie

The main carriers for product placement are mass media and entertainment such as movies, serials, TV shows, video games, books, or theater [83]. The modern consumer of the entertainment mass media in everyday life rarely focuses all its attention on the content transmitted in the mass media [84]. Some studies suggest that more than 50% of consumers while watching TV also perform other tasks [85]. The source of destruction can be cooking, babysitting, phone call, and multitasking with other mass media such as an electronic book or some smart devices [86].

This powerful marketing tool takes beginnings of filmmaking in the 1890s. The forerunners of product placement were such manufacturers as Admiral Cigarettes, Pabst's Milwaukee Beer, and Nestle in the early 1900s. Of course, product placement in those days differs the current one but still represents the first steps in the mass film production [87]. A good example of brand placement was a movie "She wanted a Ford" created in 1916. A brand placement is not just a commercial of a product. It is a subtle way to integrate brand with the plot. While movies and TV shows are at the forefront of using placement techniques, the practice gains its popularity in the other media such as radio, music, books, or video games. There can be a lot of factors that stimulate the growth of popularity of brand placement—Internet growth, appearance of new

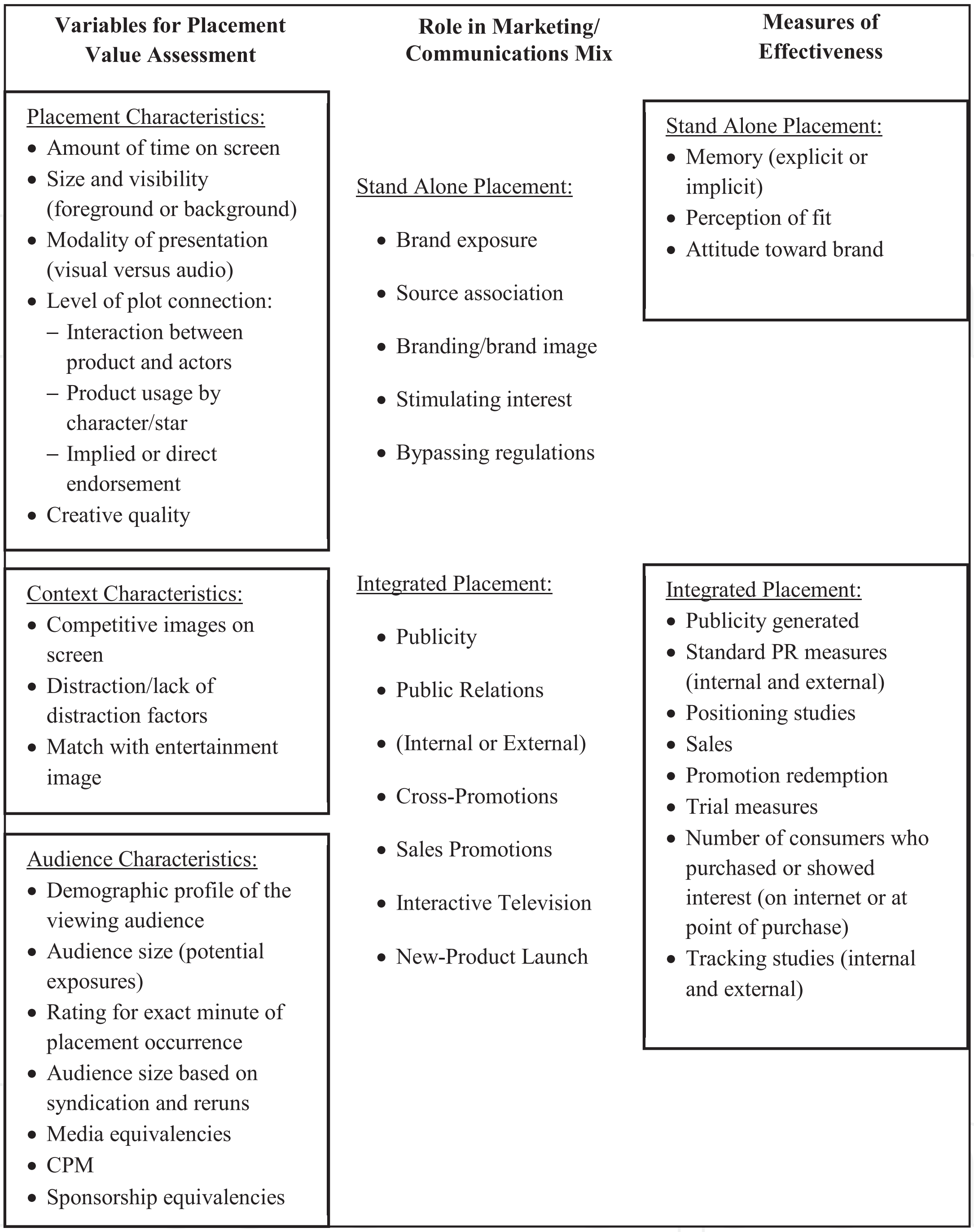

Figure 5. Model assessing the impact of product placement. *Source*: [80].

media like video games, or demission of traditional media like newspapers [88]. The process of product and brand placement was participated basically by three groups of interest: client, studios, and agencies [80].

Brand placement is gaining its popularity. On one hand, this tool is less expensive than a 30-s TV spot, and sometimes even more effective and on the other hand provides an access to the wide audience [89]. Nielsen Media Research published a study showing that 58% of viewers recognized a brand when viewing a product placement in combination with commercial, while

47% of viewers recognized a brand exposed only to commercial. Of course, this study does not show an overall view of the impact of brand placement that brand awareness increases with product placement [90]. But the fact that a brand appears every 3 min in primetime television shows and media forecasting data suggests a yearly increase above 10% of the 8 US$ billion spent in global scale on movie and television product brand placement (for 2012–2016) [83, 91]. Research showed that brand placement can be a good alternative to a traditional advertising especially when consumers nowadays try to avoid commercials. But the program image played an important role in the changes in brand image [92]. However, there are some objections to the brand placement because not every brand is suited for placement in all contexts. If the brand does not fit to the story or plot, the placement can actually be detrimental.

3.5. Product and brand placement: printed publications

Research conducted in 2015 shows that consumer preferences can be created partly under the influence of brand placement in the text. Brands, located in fictional stories, were assessed in summary as more reliable, and the consumer was willing to buy them rather than the brand, which was not listed in the text. Moreover, the test results show not only the fact that the brand located in text is seen as more desirable, but also after a certain time (1 week), the effect of brand placement was still noticeable in consumer behavior, which means that consumers still have in mind placement products [93].

Bookstore shelves are filling up with different novels. They encourage customers not only with colorful and fancy cover but also interesting storyline. Each of the stories has its own main plot, but one common element increasingly appears—product placement. **Table 2** shows selected examples of product and brand placement in the text.

Product placement nowadays includes not only as fiction for children and adults but also as school textbooks. In France, children can learn the techniques of brushing teeth with the images of the Colgate materials. The school materials sponsored by Revlon can teach children about “good and bad hair days.” Nike sponsored school kits, which show that the shoes of that company are manufactured responsibly in accordance to environmental protection. On the other hand, KFC co-branded with Hasbro produced educational materials about “how the body works.” The aim of this campaign was to promote KFC’s November new, improved meals to take away, as well as increasing brand awareness with the game “Operations” sponsored by Hasbro [94].

At present, consumer seeing shoes, cars, cell phones, and other products of specific brands in TV shows or serials is not surprised and even is convinced that such kind of advertising has been paid by the corporation that wants to promote its own brand. But product placement in the printed press, especially in books, is relatively new and rare way of promotion. Multiple positioning of the brand in the text can be an effective marketing technique that allows consumers to familiar with the brand placed in text and then become a brand preferred by consumers from other brands’ selected product category. Changing preferences may be aware of the phenomenon carried out by the consumer or the consumer may be unaware that his preferences have been changed and subconsciously can choose brand pieced in text [93].

Title	Author (year)	Quote contain product/brand placement
"99 francs"	Frederic Beigbeder (2000)	"…My name is Octave and I'm dressed from top of my head to foot in Tom Ford. I'm an advertising executive…"
"American psycho"	Bret Easton Ellis (1991)	"…his Versace tie ready to face whoever. Courtney opens the door and she's wearing a Krizia cream silk blouse, a Krizia rust tweed skirt and silk-satin d'Orsay pumps from Manolo Blahnik. I shiver and hand her my black wool Giorgio Armani overcoat…"
"50 Shades of Grey"	E.L. James (2011)	"Fortunately Kate's lent me her sporty Mercedes CLK. I'm not sure Wanda, my old VW Beetle, would make the journey in time. Oh, the Merc is fun drive, and the miles slip away as I floor the pedal to the metal…"
"The Oreo Cookie Counting Book"	Catherine Lukas (2000)	"Children will love to count down as ten little OREOs are dunked, nibbled, and stacked one by one…until there are none!."
"The Nanny Diaries"	Emma McLaughlin (2003)	"Max pulls an Estee Lauder Brazen Berry lip gloss from her bag and tosses it to Bridget. The gold cap says glamor and sophistication."

Source: own study based on literature query.

Table 2. Selected examples of product and brand placement in text.

Comics are one of the best kinds of printed media for product placement. There is a possibility of visual characterization of the brand here. This kind of promotion is characterized by the originality and ability to refer to a particular segment of customers.

3.6. Product and brand placement: video games

Progressiveness of mass media expands its scope for marketing activities not only for television or books but also video games. For example, Americans spend more time playing video games than watching television [95]. This trend is especially noticeable among children, which means that 88% American's children from 8 to 18 years play video games 13.2 h/week, and spent 10.5 h/week on watching television. This fact became a new challenge for companies in the conduct of marketing campaigns [96]. This kind of placement is relatively new; that is why in literature review, one can find just a few academic researches. Nevertheless, it is an area that researchers are interested in, which may indicate that product placement in video games can be an effective marketing tool for corporations, bringing the expected results especially among the youngest. Video games attract marketers its possibility of product or brand placement in animated interactive imagery in the imaginary scenery. Research conducted in 2010 shows that interactive brand placement has a positive effect on mind awareness, brand image, and behavioral intention, which means that brand placement in virtual game can influence the process of information assimilation. That is why interactive brand placement influences especially children and hence improves sales [97]. **Figure 6** shows the main factors encouraging the placement of brands in digital games.

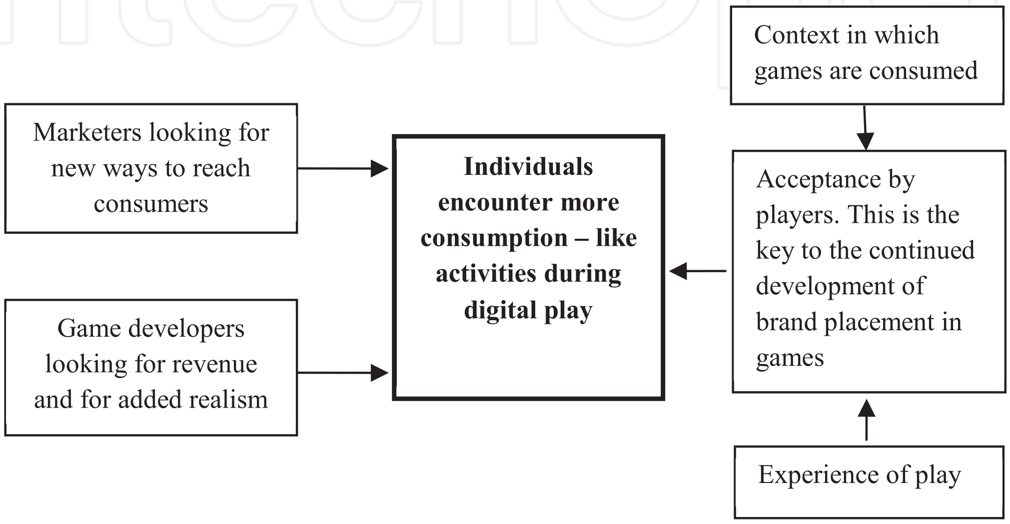

Figure 6. Factors encouraging the placement of brands in digital games. *Source*: [98].

4. Conclusion

The increased competition about quality and price forces the company to take planned actions, ensuring their distinction and originality of the offering services. A tool for achieving a competitive advantage is the brand, reflecting on one hand the essence of the business and focusing on associations around the name and logo and on the other hand representing the axis of activities within marketing communications.

Functioning of the business is associated with making appropriate strategic decisions in terms of brand positioning associated with custom tools, such as product and brand placement. This is a consequence of the differentiation of the product offer as a result of the needs of consumers in terms of quantity, requirements, and preferences of consumers.

Product and brand placement refers to both the visible and invisible parts of the brand, referring to the social nature of the consumption of products with a well-known brand. Brand positioning uses the product and brand placement in movies, entertainment programs, and books and other printed materials and video games. The growing popularity of this tool is the result of its efficiency on the one hand and on the other a consequence of the intensification competitive activities and the desire to ensure the proper brand's market position.

In summary, the product and brand placement will thrive in the described media while introducing new media guarantee reaching to wider group of consumers. That is why, it is so important to understand how the system of product placement works. In the near future, some research actions will be taken which will help to understand the mechanism of brand placement and how it works from the inside. Knowledge is very important not only for researchers but also for marketers and consumers, because on the one hand marketers can use it for successful selling process, and on the other hand, it will be possible for consumers to control the amount and frequency of advertisements.

Author details

Hanna Górska-Warsewicz* and Olena Kulykovets

*Address all correspondence to: hanna_gorska_warsewicz@sggw.pl

Faculty of Human Nutrition and Consumer Sciences, Warsaw University of Life Sciences—SGGW, Warsaw, Poland

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Chapter 3

Service Branding: Suggesting and Discussing Four Perspectives Influencing a Value-Creating Service Brand at the Company Level

Hugo Skaalsvik

Additional information is available at the end of the chapter

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Abstract

The chapter suggests and discusses four interrelated perspectives, which, we argue, influence a value-creating service brand at the company level. One research question is posed: which perspectives are useful and applicable in the development of a value-creating service brand at the company level? Four interrelated perspectives are outlined and discussed: a customer perspective, a management perspective, a service employee perspective, and a knowledge perspective. The discussion section of the chapter includes an interactive, circular model, which shows how the four perspectives directly and indirectly impact on the creation of a value-creating service brand. In the chapter, a set of theoretical and practical implications is drawn. Illustratively, on the theoretical side, one implication is that a high degree of service orientation together with change-oriented, value-driven management orientation is required in order to foster, develop, and sustain a value-creating service brand at the company level. On the practical side, one advice is to upgrade the role of knowledge of an important intangible resource by working in accordance with the principles of a dynamic knowledge system.

Keywords: service brands, service brand development, systemic thinking, perspectives, an interactive model, value creation

1. Introduction

In a world of services [1, 2], enterprises are facing a new competitive landscape world-wide. This landscape is characterized by increased turbulence, complexity, and ambiguity [3] in which the old recipes for business success in the industrialized world no longer provide a sufficient ground for value creation and competitive advantage in service enterprises [3]. In this new competitive environment, we argue that service brands play an important role in their contribution to value creation and economic growth at the company level.

The background for the focus on service brands today is the fact that Western industrialized economies, in particular, have moved into societies dominated by services [4]. Grönroos [5, p. 11] perceives the rapid growth of services as the "new economy." The new economy which emerged in the early 1990s is part of the knowledge economy [6, 7], and the main features of the knowledge economy include globalization, systemic changes, temporary rather than continuous competitive advantage, short life-cycles of products and services and new forms of competition [3, 8]. In the knowledge economy, knowledge has become a key organizational and strategic resource for businesses [6, 9, 10].

Today, the service sector constitutes a major part of the total economic activity, employment, and growth of industrialized economies [11]. The OECD, as an example, estimates that approximately two-thirds of GDP in high-income countries generate from services. The high growth rate of services implies that the service sector, service industries and service firms are arenas with a huge potential for employment, economic growth, and value creation [11–13]. However, according to branding research, many companies fail in their attempts to develop strong and competitive service brands, which may impact negatively on their value-creating potential and ultimately their bottom line. The Finnish IT company Nokia is a good example of a firm which has experienced a spiral of economic downturn in the course of a few years.

Hence, in "societies of services" [1], one observes a constant need for renewal, changes, and innovation at the corporate level [14–16]. In relation with this, the role of service brands may play an important role in enterprises' competitive efforts and value-creation processes [17] because, as claimed by Urde [18, p. 18], "the future of many companies lies in the brands." This view is supported by Ref. [2] who observes that a strong brand is a guarantee of superior service delivery and quality. This is important in attracting and retaining customers [19] and, as observed by Ref. [20], strong brands enable customers' better to understand the intangible side of services.

Over time, a host of research has been carried out on fast-moving consumer goods (FMCG) in manufacturing organizations. Nevertheless there is a shortage of research on service branding at all levels in the brand hierarchy [21, 22], despite the fact that branding is assumed to be "even more important for services than for goods" [23, p. 333]. Thus, in this chapter, we seek to contribute to the extant knowledge of service branding at the company level by examining four interrelated perspectives which, we argue, may enhance the value-creation potential of a corporate service brand. Thus, the focus is on the highest level in the brand hierarchy. Furthermore, an interactive model is offered grounded on a systemic thinking that depicts the linkages between the model's components, and shows how the perspectives interact and how they may contribute to a value-creating service brand at the company level. Thus, the format of this chapter is conceptual.

This chapter addresses one research question:

> Which perspectives are useful and applicable in the development of a value-creating service brand at the company level?

To answer the question, the chapter is organized in sections. After this introduction, the second section constitutes the literature part. The third section provides an account of four perspectives that, we argue, may contribute to a value-creating service brand at the company level. In relation with this, in the fourth section, a conceptual model is suggested and discussed. The fifth section entails a model and discussion, while the six section sets out the implications and contribution of the research. A conclusion section terminates the chapter.

2. Literature

2.1. Concepts

2.1.1. Value creation

Value creation is a term used in the academic management literature and in the business press. However, as argued by Ref. [24], much of the management literature uses the term value creation incorrectly when the intended meaning is value capture. Hence, according to this view, value capture is defined as: "the appropriation and retention by the firm of payment made by customers in expectation of future value from consumption" [24, p. 220]. Value capture has predominately been viewed from the perspective of the firm and not from the demand side, the consumer perspective [25]. Value creation, in contrast, involves an enterprise's activities that establish or increase customers' valuation of the benefit of consumption [3]. In the context of service branding at the company level, this implies a more active participation and involvement from the customers in services branding research and development. Thus, as with customer-driven innovation [26, 27], to enhance value creation at the corporate level, service brands are important intangible assets which need to be developed by means of extensive customer information gathering, contact, and involvement [28]. The essence is that the brand values, which a service firm wants to deploy in its brands, are in accord with the customers' expectations of the brand values.

2.1.2. Service brand

In the branding literature, there are different conceptual views on how to perceive a brand as a construct. The American Marketing Association (AMA) offers a well-known and classic definition of a brand: "A brand is a name, term, sign, symbol or any other feature that identifies a seller's product or service as distinct from those of other sellers." The core of this definition is that a brand consists of a set of perceptions that serves a differential purpose [29, 30]. However, [2] argues that the AMA's definition is relevant for physical products, but not for service products for two prime reasons. First, the definition excludes the process view of services [31–34] and second, it excludes the key role of customers in branding processes and development. According to services knowledge and theory [35], the unique characteristics of services; intangibility, simultaneous production and consumption (inseparability), the heterogeneity of quality and perishability [33, 36] affect the branding of services. To illustrate, in relation to customers' assessment of quality, production and consumption usually take place at the same time in services, making it problematic for customers to assess the quality of a service in advance of service delivery. As a response, Ref. [2] has offered a definition, which he perceives encompasses both physical and service products. He says that "a brand is created in continuously developing brand relationships, where the customer forms a differentiating image of a physical product, a service or a solution including goods, services, information, and other elements based on all kinds of brand contacts that the customer is exposed to" Ref. [2, p. 330]. This definition addresses, in particular, the key role of customers in branding services by focusing on all brand contacts to which customers are exposed to. This conceptual view is supported by Ref. [37], who argues that the development of a strong brand must be carried out by means of a customer co-creation process. The ultimate goal of the co-creation process is to connect and tie the customers emotionally to the brand, and thereby obtain their commitment and constant loyalty.

2.2. An actors approach to service branding

Ref. [38] argue that a brand represents a holistic, comprehensive experience that is based on excellent and personalized customer service, challenges an organization's values and norms, and is responsive to change. According to Schlager et al. (2011), a brand is created in the triangle between the company, the customers and the employees. By building on Ref. [39], **Figure 1** emerges.

Figure 1 shows a relational system in which the *customers* are important in the creation and development of a value-creating service brand as they are co-creators of the service brand [35]. Similarly, *management*'s activities in developing a strong, value-creating service brand are important because management possesses the authority and power needed to plan for, develop and implement changes in businesses operations, including decisions on service brand strategies, values, and actions [40–42]. Similarly, the *service employees* [43, 44, 65] are important sources of brand equity due to their ability to engage in service brand processes and development and to fulfill brand promises. Hence, this chapter finds that the actors in the brand triangle [39] have an impact on the development and maintenance of a value-creating

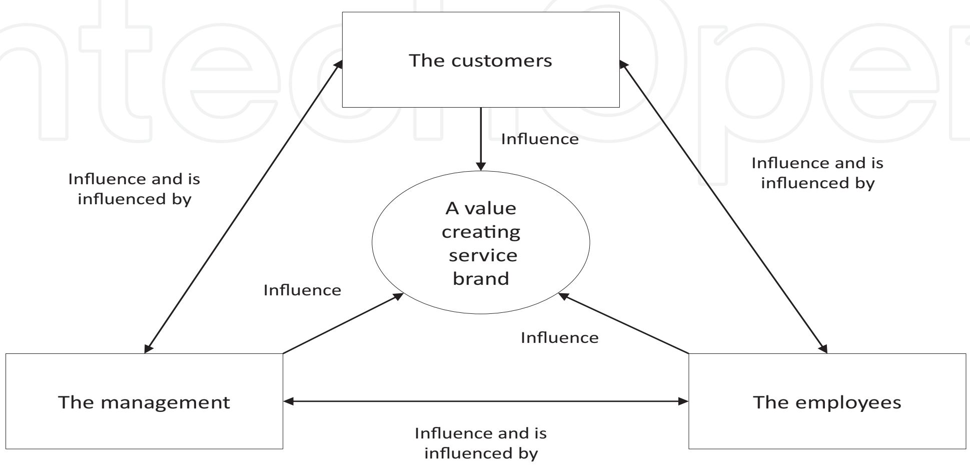

Figure 1. The key actors promoting a value-creating service brand (adapted from Schlager et al. [39]).

service brand at the corporate level. The triangle in the **Figure 1** then serves as a framework for suggesting perspectives of a value-creating service brand at the company level.

2.3. A research perspective

A research perspective is by Ref. [45] perceived a point of view or scientific position taken to guide the research in question.

The choice of a research perspective is linked to the research topic and research question(s) under scrutiny [46], as an example, has discussed a set of theoretical perspectives useful for services brand research, for example an economic perspective, a psychological perspective, and broader relational perspective. Illustratively, the economic perspective sees the brand as a financial resource, which serves profit-generating purposes, whereas in a relational perspective, brands are given a wider interpretation than that of a traditional marketing perspective. The essence is that branding at the company level is perceived as a holistic, change-oriented management process that encompasses all organizational layers, and serves internal as well as external purposes [36, 43, 44, 47]. This view is in contrast to the classic understanding of a brand as an entity, which essentially is perceived to be the responsibility of the marketing department and its personnel. Hence, according to this view, services branding essentially serves external purposes.

This chapter suggests four interrelated perspectives grounded on systemic thinking in order to understand service branding as a tool for value creation at the corporate level. Systemic thinking in this context concerns a system of relationships between perspectives that influences value creation at the corporate level. As evidenced in research on service branding, several factors may affect successful service brand development [35, 36, 48, 49]. By building on and finding support in service branding knowledge and theory, this chapter suggests and discusses four interrelated perspectives which may affect a value-creating service brand at the corporate level.

3. Findings

Suggesting four perspectives of a value-creating service brand at the company level.

A classic view of a product brand is that a brand consists of a set of perceptions that aims to differentiate a producer's products from those of competitors [23, 29, 30]. In contrast, a service brand consists of a cluster of functional and emotional values [36] which need to be managed by change-oriented and innovative service brand leadership [23, 38, 50, 51]. Nevertheless, the rationale for branding physical goods and services is the same, the aim being to build and leverage the brand equity to develop a strong relationship between the brand owner and the stakeholders, particularly the customers [35]. Ref. [52, p. 535] claim that brand equity concerns "the added value with which a brand endows a product and to the addition of the brand's attributes including reputation, symbols, associations, and name." On the other hand, Ref. [53, p. 539] perceives that corporate brand equity is "the differential response by consumers, customers, employees, other firms, or any relevant constituency to the words, actions, communications, products or services provided by an identified corporate brand equity." Thus, corporate brand equity concerns the differential effect of brand knowledge on different stakeholders' responses to a corporate brand.

We have argued that a value-creating corporate service brand is beneficial in order to stay competitive and contributes to economic success at the corporate level. By finding support in service branding knowledge and theory, we suggest four perspectives, which may have a positive impact on the development of a value-creating service brand at the company level. These perspectives are conceptualized as follows:

- "**A customer perspective**": customer orientation in service brand development;
- "**A management perspective**": change-oriented, value-driven leadership/management;
- "**A service employee perspective**": service employees' motivation and commitment.

These three perspectives are grounded on the framework developed by Ref. [39]. Nevertheless, as will be outlined and discussed, we introduce and discuss a fourth perspective which we term:

- "**A knowledge perspective**": knowledge orientation in business conduct.

3.1. A customer perspective

In a product-dominant economy, a goods-centric view of brand development has predominated, but in the "new" economy—an economy of services [2]— a customer-centric perspective of brand development will the chosen one. In such an economic atmosphere, the customers become co-creators in service brand development and processes [37]. The main reason is that brands are not static; instead they are subject to changes due to shifting competitive environments, individualism, as well as shifting customer preferences and demands for tailor-made services [3, 49, 54]. As a consequence, management's efforts to develop a strong service brand will take place through a customer co-creation process. Ref. [37] categorizes the co-creation process in five stages:

1. The development of a new product with unique perceived product attributes.
2. The creation of brand awareness through marketing and other communications.
3. Consumer interpretation of marketing and other communications to form pre-consumption brand associations.
4. Consumption of the product and the formation of post-consumption associations.
5. Repurchase based on the intensifying perception of unique benefits leading to brand loyalty.

The ultimate goal of the customer co-creation process is to attain customers' commitment, trust, and brand loyalty. However, many companies do not succeed in their branding attempts [55], and practice shows that the customers often "vote with their feet" by finding other suppliers who better can meet their needs, wants, and preferences. Thus, to be attractive and stay competitive, a service provider must stay in close contact with its customers [56, 57] seeking to deliver unique benefits and superior value as perceived by them. Nevertheless, the involvement of the customer is a necessary but not sufficient condition for the creation of a value-creating service brand as managers and service employees also need to be integrated in service branding processes and development as they are perceived to be the real "ambassadors" of a brand [58]. In fact, management has the force to influence on and change a firm's web of strategies, including the brand strategy.

3.2. A management perspective

According to brand knowledge [18], a brand is a strategic and operational resource which implies that leaders and managers play decisive roles in brand development [42]. Nevertheless, the roles of leaders and managers differ by the magnitude of organizational changes [59]. Organizational changes may be categorized as radical or incremental (op. cit). Obviously, a change in a business corporate strategy belongs to the first category and is the responsibility of top leadership. In contrast, a change in a business brand strategy becomes the responsibility of brand management. Hence, a new brand strategy as a response to enhanced competition needs to be in accord with the overall business strategy. Illustratively, when new entrants enter a firm's market, it may be beneficial for the firm to change its brand communication mix accordingly to keep the market position [2, 34].

From the discussion follows that a service brand is sustained to changes in order to keep a firm competitive. But in change processes, the role of leaders and managers are different. The leaders are change masters [60], they decide and take responsibility for the strategic orientation of a company and secure that the web of strategies are in accord with the overall business strategy. In contrast, brand managers have operational duties; i.e., they carry out the operational tasks such as communicating brand promises and messages. The leadership/management perspective in relation with a value-creating service brand concerns the different role taking behavior by leaders and managers in brand processes and development. Nevertheless, both leaders and managers must act change-oriented and value-driven in performing their work roles.

3.3. A service employee perspective

In the service brand literature, the important role of service employees is evidenced [47, 61–65]. Thus, the service employees are viewed as an important source of brand equity [43, 44] by their work role performances [34]. As observed by Ref. [65, p. 274], "the service employees are carriers of a brand's promises."

The importance of the service employees in service branding lies in a social, relationship approach to the process [46]. The focus on service employees is built upon the assumption that their knowledge, attitudes, and service actions will influence their service attitude and behavior [62, 66]. In order to utilize the brand knowledge and competencies of service personnel, service brand leadership must engage in efforts to tie the employees to a brand by means of social, psychological, and emotional elements [42, 43, 44]. Nevertheless, this chapter takes the view that it is not a sufficient condition simply to upgrade the role of service employees in branding processes and development; but their actions and performance must be supported and backed up with knowledge as a prime organizational resource.

3.4. A knowledge perspective

Supported by knowledge theory [9, 10, 67], we will argue that a knowledge perspective is required to develop a value-creating service brand at the company level. The core reason is that knowledge is perceived to be a key organizational and strategic resource, a resource which needs to be developed and utilized in organizations in order to obtain a competitive edge and stay competitive [68]. Thus, we opine that knowledge contributes to value creation at the company level [68].

Knowledge is conceptualized "as systematizing and structuring information for a specific purpose" [67, p. 560]. Hence, a presupposition for creating and developing knowledge is information, i.e., information becomes the building block of knowledge. Information can be acquired from both external and internal sources [21]. In relation with external sources [69], for example, point out that external information scanning to acquire and use information about events and trends in the external business environment may have a positive impact on business performance. In relation to service brands, this concerns, in particular, a firm's brand strategies, brand choices, and brand actions [19]. Information may also be generated from the firm itself, in particular from the knowledge reservoir of service employees. Thus, effective service branding implies a combination of internal and external information sources, which together forms a knowledge system and has an impact on a value-creating service brand.

Knowledge is often divided into two main categories: explicit and tacit [9]. Whereas explicit knowledge can be communicated and transferred to others relatively easily, tacit knowledge is rooted in practice and is connected to specific contexts [70, 71]. Tacit knowledge constitutes "an important strategic capability of organizations" [72, p. 211] and is an important strategic resource because it is difficult for others to acquire and utilize it, in part because it is deeply rooted in an organization's culture. Thus, explicit and tacit knowledge may affect an organization's capability to develop a value-creating service brand.

4. Model and discussion

4.1. An interactive model of a value-creating service brand

Although the actors in **Figure 1** play an important role in the creation and development of a value-creating service brand, as a model we consider it is too simplistic and limited in terms of elaborating the core perspectives contributing to a value-creating service brand. We believe that the prime weakness in the model is that it does not include a knowledge perspective because a firm's knowledge reservoir lays the foundation for the firm's operative strength in business conduct. Consequently, in **Figure 2**, we suggest an interactive model of

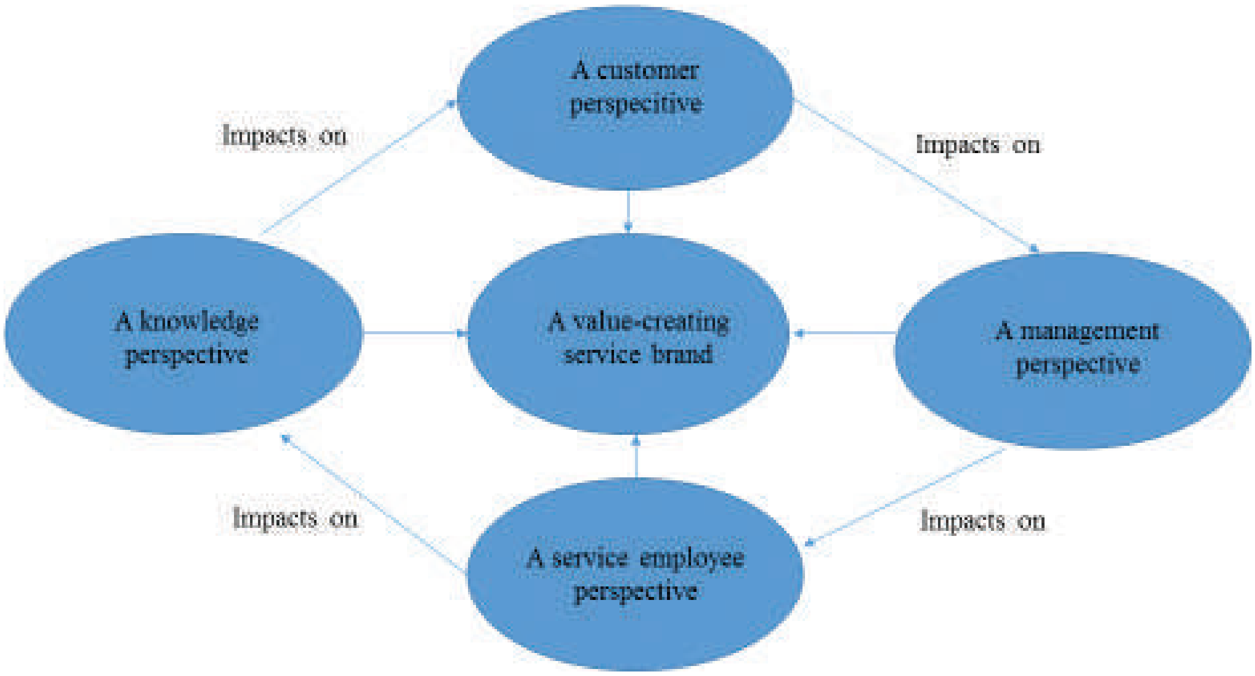

Figure 2. Four perspectives affecting a value-creating service brand at the company level.

a value-creating company service brand comprising four interrelated perspectives discussed above which, we argue, will influence the development of a value-creating service brand at the company level, and hence lay the foundation for value creation and sustainable growth at the level of the individual service enterprise.

The interactive model shown in **Figure 2** is grounded on systemic thinking that forms a relational or interactive system. As argued, the model 2 depicts four perspectives for the development of a value-creating service brand at the corporate level.

The logic underpinning the interactive model in **Figure 2** is twofold. First, by building on service and service brand knowledge and theory, four distinct perspectives directly affect the creation of a value-creating service brand at the company level. Second, the four perspectives are linked together in a circular and systemic manner. Ideally, a circular model does not have a clear start or end point [72]. Nevertheless, not least for pedagogic reasons, this chapter suggests that the model's starting point is the *customer perspective* as this is a core business philosophy [2, 73]. A service enterprise which operates according to this philosophy is customer-focused and oriented, a view that is closely linked to a market orientation [13, 74]. According to service theory [2, 32–34], a customer perspective must be supported by change-oriented and value-driven management perspective. Furthermore, a change-oriented, value-driven management perspective acknowledges a knowledgeable, skilled, committed, and empowered service employees, conceptualized in the model as a "service employee perspective." In order to work, the service employee perspective needs to be backed up by a knowledge perspective, which essentially deals with how sets of information sources are utilized in knowledge-creating processes in an individual organization [3]. The knowledge perspective thus constitutes the fourth component of **Figure 2**. The circular pattern of the model implies that the knowledge system component will strengthen the customer perspective of a service organization.

5. Implications

Ref. [2] observes that a firm that defines and positions itself as a service business needs to employ a service philosophy. Essentially, a service philosophy implies that the customers are put at the forefront of a service firm's operations by being offered attractive service packages, which include core products and supplementary services [32–34].

The service philosophy is strategic in the sense that the firm chooses to position itself as a service business built upon a service's logic of "service excellence" [2, 74]. Management plays a crucial role in the choice of a service philosophy by focusing on customers' value-generating processes, which implies that leadership is rooted in a philosophy of service excellence in contrast to the old philosophy of scientific management, which is essentially a command-and-control system of business conduct [41, 75]. Thus, supported by service theory and knowledge, we take the stand that a service orientation of service excellence is a prerequisite and basic foundation for any service enterprise, which aims to stay competitive by means of a value-creating service brand.

5.1. Theoretical implications

In this part, we theorize how a value-creating service brand may be attained at the company level by a valuation of the four interrelated perspectives outlined and discussed in this chapter. The theoretical points are supported by illustrative figures, which show, in particular, that a prerequisite is that the *service orientation* of a service enterprise is high which is consistent with a service philosophy of service "excellence" [2, 74].

Theoretically, **Figure 3** shows the link between *service* and *management/leadership orientation* in the creation and development of a value-creating service brand. Our position is that a value-creating service brand can be attained by a firm giving priority to a high degree of service orientation together with a change-oriented, value-driven management/leadership practice.

Theoretically, **Figure 4** shows the link between *service* and *customer orientation* in the creation and development of a value-creating service brand. Our position is that a value-creating service brand can be attained by a firm giving priority to a high degree of service orientation together with a focus on a high degree of customer orientation in branding processes and development.

Similarly, according to service brand knowledge and theory, the service employees are important sources of brand equity through their motivation and commitment to the firm. Thus, a high degree of *employee commitment* to their service roles is required together with a high degree of *service orientation* to create and develop a long-lasting value-creating service brand as shown in **Figure 5**.

Finally, on the theoretical side, this chapter argues that a value-creating service brand may be attained by the combination of a high degree of *service orientation* and a *dynamic knowledge system* as shown in **Figure 6**. A dynamic knowledge system features traits of innovative power; i.e., traits of dynamics and change.

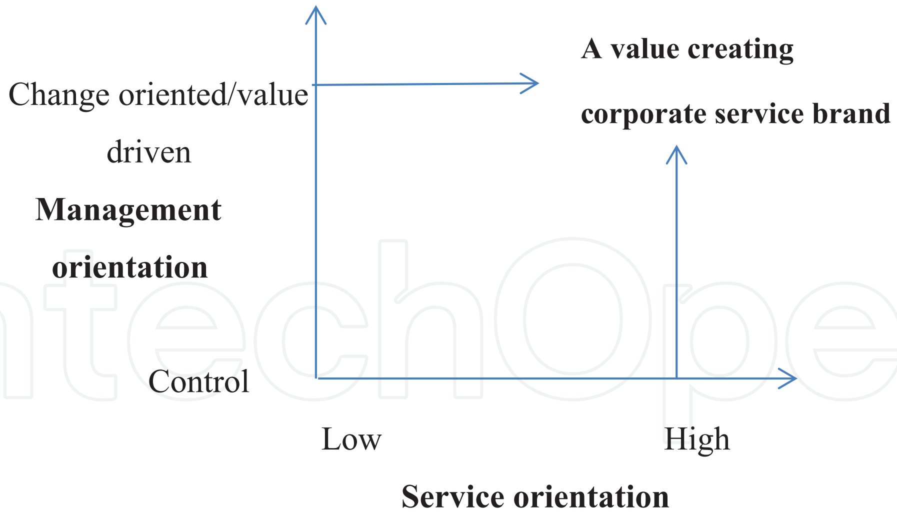

Figure 3. The degree of service and leadership/management orientation.

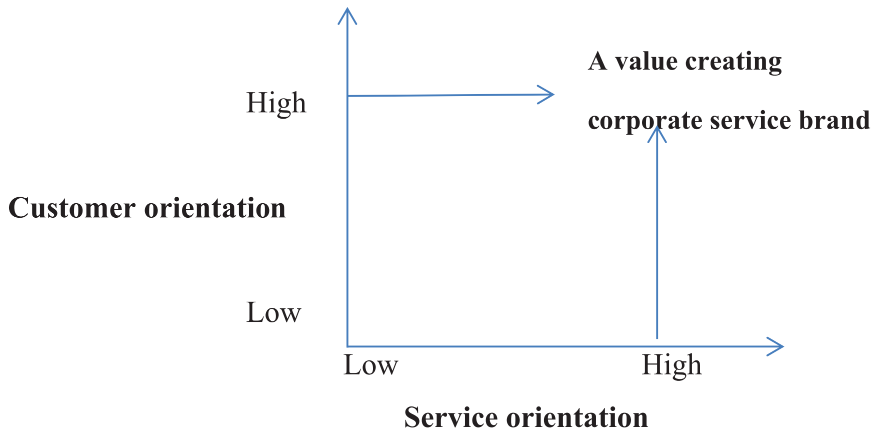

Figure 4. The degree of service and customer orientation.

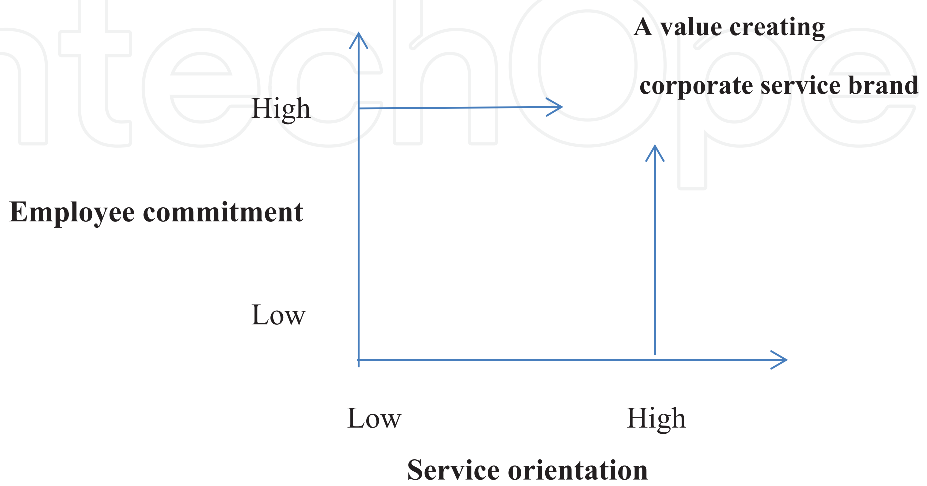

Figure 5. The degree of service orientation and employee commitment.

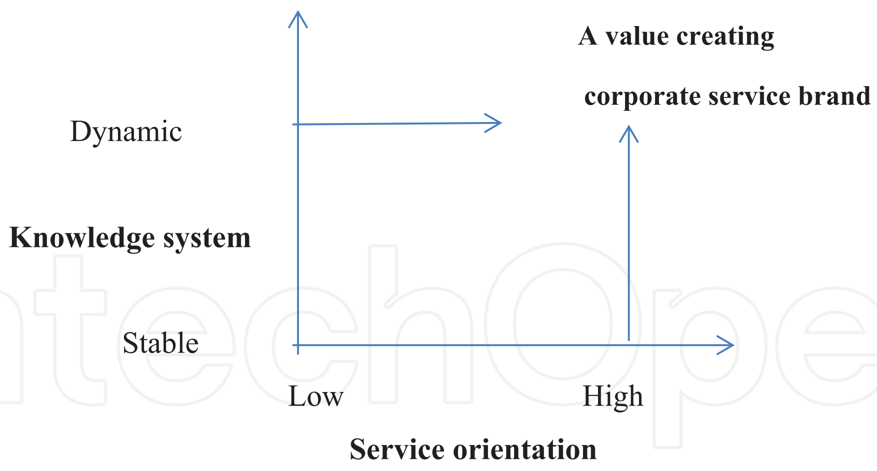

Figure 6. The degree of service orientation and knowledge system.

5.2. Practical implications

There are several practical implications that follow from the research reported in this chapter. First, a service enterprise must operate according to the principles of a service model grounded in a service philosophy of "service excellence", which implies a high degree of service orientation. Second, as a consequence of a well-designed service model, an enhanced focus on the customers' needs, wants, and preferences is required by means of a thorough examination of their preferred brand values. Clearly, there should be a correspondence between the values and promises that management wants to incorporate in a service brand and the brand values desired and valued by the customers. Third, a service enterprise must pay attention to the role and behavior of service employees, particularly those working at the front end of the organization. To do so, management should offer training programmes, promotion possibilities, and enhanced decision-making power, thus empowering the service employees. Fourth, management should carefully consider the organizing principles and structures in the firm, reorganizing hierarchical structures, procedures, and regulations to create a front-line organizing system based on principles consistent with the "inverted pyramid," which implies a bottom-up approach to service brand planning and development. Fifth, to enhance the value of possessing a strong company brand, service firms must upgrade their knowledge as an important intangible asset by working in accordance with the principles of a dynamic knowledge system.

6. Conclusions

The background for the study has been the need for more research on service branding at the corporate level. In order to contribute to the extant knowledge base, we have examined four perspectives of a value-creating service brand at the level of the individual service company. The perspectives are termed "a customer perspective," "a management perspective," "a service employee perspective," and "a knowledge perspective." Descriptions are provided as to the content of the suggested perspectives. The first three perspectives are linked to the prime

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actors in services brand processes and development. The fourth perspective concerns the role a service brand possesses as an intangible asset and as a knowledge tool. The core argument is that unless the individual service enterprise possesses a strong knowledge reservoir, it does not have the capabilities needed to develop and sustain a strong service brand.

The perspectives, we argued, may contribute to the development of a value-creating service brand, and in this way provide contemporary competitive advantage at the corporate level and exert a positive impact on a service firm's business performance. The research carried out has shown how the four perspectives interact and how they may contribute to the extant knowledge on service branding by focusing on value creation at the level of the individual service enterprise.

Furthermore, a systemic approach has been employed to develop and discuss an interactive service brand model which features the traits of a circular model that can be applied at the corporate level. Both theoretical and practical implications follow from the research. In particular, on the theoretical side, it is apparent that a high degree of service orientation needs to be coupled with a high degree of customer orientation, and a high degree of a service employee involvement. From a practical perspective, one particularly salient implication is that firms need to plan for and design service systems to exploit the employees' skills, knowledge, and competence, in particular those of the people working at the front end of the company, i.e., the high-contact service employees.

The research carried out is conceptual, desk research which raises research possibilities, in terms of both qualitative and quantitative research. One option is to carry out a case study aiming to examine the robustness of the suggested model. Following this approach, another option is to carry out a quantitative study aiming to assess the value of the model in broader contexts, i.e., in a selection of tourism enterprises.

Author details

Hugo Skaalsvik

Address all correspondence to: hugo.skalsvik@uit.no

Arctic University of Norway, Campus Harstad, Norway

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Chapter 4

Critical Success Factors in Strategic Brand Management in Luxury Fashion Markets: The Case of Isaia

Marcello Risitano, Annarita Sorrentino and Michele Quintano

Additional information is available at the end of the chapter

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Abstract

This chapter examines the critical role of branding in sustaining the competitive advantage of firms in the luxury fashion markets. This can include brand communication, the flagship store, channel relationships, the customization and the event marketing. The chapter sets out an analytical framework that can be used to identify the main critical success factors in the fashion luxury market. Adopting the case study method, we validate this framework by studying a pilot firm, Isaia, which is a traditional Italian firm operating in the fashion luxury industry (clothing for men). Isaia is an interesting case study of the branding strategies of a niche fashion firm in the face of global competition. Through the original framework, we have identified the company's main critical success factors that—in the exploratory stage of our research—support the work purposes. In particular, the main findings from the case study demonstrate that Isaia's competitive advantage is found on customized products (luxury traditions), events (dinner parties, in-store entertainment, etc.) and retail strategy (flagship showrooms in Milan and Moscow).

Keywords: brand management, critical success factors, luxury brand, luxury fashion brand, case study

1. Introduction

A brand is an entity which is a set of functional and experiential features with a promise of a value reward relevant to customers, and an economic return to its producer through the brand equity [1–3]. It is one of the most important intangible marketing resources. Branding is employed as a growth strategy by firms and is used to create a unique selling proposition, based on point of parity and point of difference [4]. In the fashion industry, a brand will attempt to satisfy the fashion needs of target customers [5, 6].

This chapter considers the multifaceted relationship between a fashion brand and customers. The research model is based on the notion that fashion brand success requires the synchronizing of the brand equity approach with some critical success factors (i.e., customization, event marketing and flagship store). The chapter examines the role of branding in sustaining the competitive advantage of firms in the niche fashion market [7, 8]. This approach permits us to specify the precise role of branding in creating and maintaining good consumer relationships in the specific context of the fashion industry.

Gao et al. [9] define luxury fashion goods as apparel, accessories, handbags, shoes, watches, jewelry and perfume for which mere use or display of particular branded products brings prestige to their owners, apart from any functional utility.

According to the paradigm of the experience economy, postmodern consumers are interested in receiving symbolic value from the consumption of goods. In this context, luxury goods are an expression of one's own status [10–13] and brands are used to construct one's identity [14, 15]. In line with these assumptions, the aim of this chapter is twofold: to identify the main critical success factors underpinning competitive advantage in the luxury fashion markets, and then to analyze these factors in a case study.

2. Theoretical background

In order to analyze the role of the brand in the luxury fashion context, it is necessary to review: brand management and the role of consumer-brand relationships, the luxury fashion brand, the role of customization, event marketing and the flagship store. "Customization" refers to the exclusivity and the high quality of the craftsmanship of luxury goods; event marketing and the flagship store refer to the aspects of the brand communication environment and the methods used to attract, engage and keep customers. Finally, a new framework of the critical success factors for luxury fashion goods is proposed.

2.1. Brand management and consumer-brand relationships

In the consumer marketing literature, brands can be critical to the success of companies because they provide a point of differentiation between competitive offerings and bring important intangible value to the consumer market. So, it is important that the management of brands is approached strategically [16]. Knowledge of the intangible relationships between brand and consumers is required for an understanding of consumer needs and to manage customer-based brand equity [17, 18]. In the marketing literature, studies on brand equity have interested academics for more than two decades [17, 19] because they analyze the added value of competitive signals provided by the firms to their customers and/or the trade. Keller [18] defined customer-based brand equity (CBBE) as "the differential effect of brand knowledge on customer response to the marketing of the brand." The same author [4] delineated the CBBE pyramid to manage the consumer-brand relationship [20, 21].

In the last two decades, marketing researchers have asserted the importance of consumer-brand relationships to a successful business [20]. To the best of our knowledge, there is still an unclear definition of what consumer-brand relationships are [21, 13]. Fournier proposed that continuous interactions between individuals comprise a relationship, which develops over time due to variations in surroundings and in people's behavior [20]. Fournier also pointed out that relationships are personal and provide different meanings. Hanslin and Rindell [13] proposed that a consumer-brand relationship can be seen as a cognitive relationship the consumer has with certain brands over time. The cognitive dimension in a brand relationship is especially relevant in a luxury brand context because consumers might have admired certain luxury brands for an extended period, even at times when those brands were too expensive for a purchase to be considered. Therefore, a brand relationship is defined in this chapter from a supply-side perspective as the ability to engage customers in an experiential way through some critical success factors.

2.2. Luxury fashion brands

The concept of luxury has been widely discussed and conceptualized [22–25]. According to Vigneron and Johnson [22], "luxury" refers to something that provides more than functional/utilitarian benefits because of the signal value inherent in a luxury brand [9]. Similarly, Fionda and Moore [24] explained luxury brands in terms of: psychological value; status symbol; high quality; exclusivity; craftsmanship and consumer consumption experience. After a literature review of the history of the concept of the luxury brand, Arrigo [23] defined luxury brands as "images in the minds of consumers that comprise associations about a high level of price, quality, aesthetics, rarity and specialty." Arrigo [23] pointed out some attributes that define the critical success factors for luxury: premium quality; craftsmanship; emotional marketing; global reputation; style and design; country of origin; uniqueness and the creation of a lifestyle. Tynan et al. [26] considered luxury goods to be symbols of personal and social identity. They proposed a differentiation between luxury and non-luxury goods on three dimensions: functionalism, experientialism and symbolic interactionism. In their study, the key factors used to identify luxury brands are: high quality, expense and nonessential products and services that offer an exclusive experience with a symbolic value, i.e., customization. According to [26], even though luxury brand management depends on various attributes, operational marketing (i.e., communication, point of sale, events) is judged by many academics as decisive for a luxury brand's success [27–30]. According to literature, we have identified some critical success factors: customization (to provide an exclusive experience), events (to create brand engagement) and the point of sale (in particular the flagship store). In next subsections, we provide a short literature review of the three critical success factors by which branding in the luxury fashion industry should be monitored if a firm is to improve its brand relationships with consumers.

2.2.1. The importance of customization

There is a growing body of literature in marketing investigating how customization can influence consumer behavior and firms' returns on such investment. Belk [31] argued that people buy products to build and express their identity. Oliviero and Russo [32] argued that goods may be considered a self-extension because goods enter into a relationship with consumers and thereby assume meanings beyond those asserted by the branding alone. At an early stage, brand communication may influence consumers in their purchase process; then people personalize and give symbolic meanings to the relationship and the interaction with the brand [31–33]. Similarly, we argue that customization and tailor-made goods are part of a process by which consumers adopt a brand to extend their personal identity [25].

Customization can be interpreted in different ways [34, 35]. Pine [34] defined mass customization as an extreme approach to differentiation that became possible with the introduction of the flexible manufacturing system [36]. Pine [34] pointed out that mass customization allows firms to provide customers with products tailored to their own needs on a large scale while still attaining substantial scale economies. On the other hand, Peppers et al. [35] examined the one-to-one marketing personalization that is used to enhance the interaction between consumers and the brand. Wind and Rangaswamy [37] considered one-to-one personalization as mainly being focused on interactional flexibility and close communication in the customer-brand relationship.

During the customization process, the consumer is part of the product design process and this kind of experience increases the hedonic value of the brand [38, 39]. According to the key literature, consumers perceive four benefits from mass customization [39–41]: functional benefit, uniqueness, the process benefit of self-design and pride of authorship. Merle et al. [38] proposed the Consumer-Perceived Value Tool (CPVT), which divides mass customization into two categories: mass-customized product value and co-design process value. Mass-customized product value includes utility, uniqueness and self-expressiveness, while co-design process value includes hedonic value and creative achievement [39]. Mass-customized product value focuses on a consumer's perceived benefits from engagement in the customization process. Utilitarian value refers to whether a mass-customized product fits a consumer's aesthetic and functional preferences [40]. Consumers can perceive uniqueness in a mass-customized product, and the uniqueness value of mass customization is widely recognized. Self-expressiveness pertains to self-congruity theory [42], where consumers create a product similar to their self-image in a mass customization program. Regarding the co-design process value, hedonic value refers to consumers' enjoyment experienced during the customization process, and creative achievement is associated with their feeling of pride in creating and personalizing their own product [38]. Luxury products provide additional benefits to consumers compared with non-luxury products [22], even in terms of customization, because often they are made by hand [43–45]. Customization increases consumers' desire to express their social image as their extended-self [22, 25].

2.2.2. *Event marketing*

Events should not be considered in isolation but as part of an integrated marketing communication strategy. Firms are increasingly switching a large proportion of their marketing budget from advertising and other traditional methods to experiential events, and event marketing is one of the fastest growing forms of marketing communication. According to Getz [46], events may be defined as "planned and temporary occurrences with a predetermined beginning and end. Every such event is unique, stemming from the blend of management, program, setting and people." The author identified eight categories of planned events (cultural celebrations, political and state, arts and entertainment, business and trade, educational and scientific, sport competition, recreational, and private events). The event-related communication represents a critical marketing tool able to help a firm to build and reinforce the relationship between brand and customers. In fact, events offer opportunities for personal interaction with products and people and so become an experiential communication platform. Wood [47] argued that marketing events are strategic tools to create experience and engagement and to improve consumer-brand relationships. They support the brand image through association with the qualities of the event. From the firm's perspective, events support corporate objectives, including sales, brand awareness and image enhancement. For small- and medium-sized firms, event marketing may be seen as a unique opportunity to integrate the firm's other marketing communication activities (such as advertising, public relations and direct marketing) with an active experience provided by an event. Recently, some important global luxury fashion firms (Dolce and Gabbana, Fendi, Dior) have increasingly invested in large destination events, where the presentation of a new collection has become an opportunity to present the brand to a wider target market, to attract a wider media audience and also to create a unique and memorable experience for the participants.

2.2.3. The flagship store

Store management is becoming an increasingly important issue in retail marketing because it affects the customer brand experience [48]. The pioneer of the "servicescape" [49] proposed that the physical retail environment affects customer behavior and purchase intention. That environment should be able to offer a description of the whole offering of the firm, and customers should be able to look around freely, in pleasant surroundings. The creation of the best store environment is therefore a crucial element of the luxury marketing strategy since it contributes to the development of a sense of prestige.

In the service literature, more recent works have focused on the importance of the environmental aspects of the store as key drivers influencing the overall customer experience. Pine and Gilmore [50] said that the in-store experience is the sum of the interactions with the environment and responses to various stimuli, such as physical things (ambience, facilities), processes (services) and people (crew). Mossberg [51] confirmed this framework and argued that customers are engaged in a context-defined "experiencescape," where interactions with physical and social elements create the experience and affect the customer's emotions, feelings and behavior. Russell and Mehrabian [52] proposed a stimulus-organism-response (S-O-R) model to explain how environmental stimuli influence an individual's emotional state and re-patronage intentions (avoidance vs approach response). In their model, the stimuli are considered to be external elements—physical atmosphere—while the organism is the subjective internal processes that react to the stimuli. Thus, the effect of the physical atmosphere on consumer behavior is mediated by the consumer's emotional state. In the service and retail literature, various studies have shown that perceived quality of the physical environment influences consumer behavior, above all in determining the shopper's desire to stay longer in a shopping area. In the luxury fashion industry, the store is considered one of the key elements necessary to create and maintain a successful brand, as it is the meeting point between the customers and the firm. Consumers go to do shopping not only to purchase something, but also to experience the brand. So, the store's physical environment is considered the most important vehicle of brand communication because it affects the use of other marketing tools, such as advertising, promotions and cause-related marketing activities.

3. Conceptual framework

In line with the theoretical assumptions outlined in the previous section, this study uses an original conceptual framework (see **Figure 1**) to analyze a firm's critical successful factors. In order to build strong consumer-brand relationships, we have identified three critical success factors for a luxury brand: customization, event marketing and the flagship store. This approach considers consumers as rational and emotional individuals who are affected cognitively and emotionally by their consumption experience.

Figure 1. The conceptual framework. Source: our elaboration.

4. Case study: Isaia

4.1. Company profile

This case study has been selected to be representative of the framework proposed. Isaia is an Italian firm operating in the luxury fashion industry. Its clothes for men are said to be a reinterpretation of the heritage and excellence of the Neapolitan sartorial tradition, made relevant to the "new gentleman."

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Although it was established only some 20 years ago as a local (Neapolitan) family brand, it is now a global brand. The firm still bases its production in Naples, partly to keep the "country of origin" effect and partly so that it can readily monitor the quality of the raw materials and the production process. Its philosophy is based on values such as creativity, tradition, innovation and work passion. The firm's value proposition is based on the contemporary. The Isaia business brand model is based on three assets: collection design, distribution and tailored-made clothes. It offers high level of customization to a specific target market. The Isaia portfolio consists of four categories of product:

1. *Tailored clothing* (suits, jackets, overcoats, gilets and trousers);
2. *Sportswear* (knitwear, shirts and trousers);
3. *Furnishings* (ties, scarves, cufflinks);
4. *Accessories* (footwear, belts, sun glasses, bracelets).

To sum up, the brand Isaia is based on the concepts of luxury, handmade products, innovation, tradition, details and high quality (**Figure 2**).

The Isaia brand identity comes from a combination of Neapolitan sartorial tradition and contemporary market needs. Isaia seeks to offer its customers a tailored products defining and selecting of the cloth, by realizing a unique and personal experience for each customer that it defines as "luxurious with meaning."

4.2. Managing the critical successful factors: customization, event marketing and the flagship stores

The Isaia brand strategy is based on some critical success factors as we have conceptualized in our original conceptual framework: customization, event marketing and the role of its flagship stores.

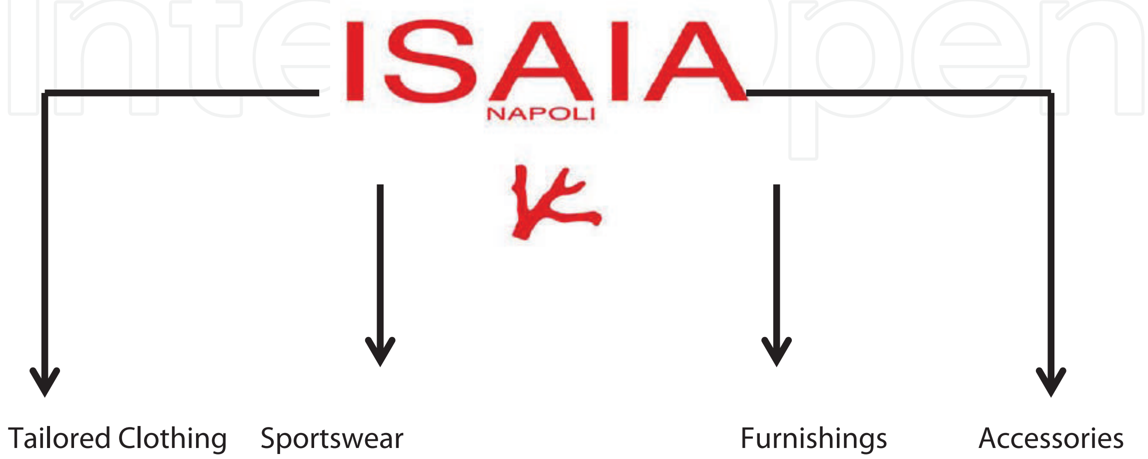

Figure 2. The Isaia portfolio. Source: our elaboration.

4.2.1. The customization process

The first strength of Isaia is the tailored production. As we have seen in the theoretical background above, consumers are becoming increasingly demanding in their experience of consumption. They want to receive more than simple utilitarian value: they want to perceive feelings and learning [53, 54] and to have positive memories of their experience to share with friends and relatives. It seems reasonable to expect that a clothing brand can and should move beyond the provision of the functions of wearing clothes, by engaging people in a personal experience. A simple clothes purchase can be changed into a service interactive experience for consumers. The customization of the clothing allows the consumer to be involved in the design process by choosing the texture, the color, the size and the details that make the item tailored. Isaia has based its customization program on handcrafted production, where any detail is tailored to be perceived as symbolic value added by the customer. By way of example, some of the customization elements on an Isaia jacket are summarized below:

1. The breast pocket on all Isaia jackets is slightly slanted, evocative of a typical Neapolitan fishing boat (in fact the pocket is called a *taschino a barchetta*—a boat-shaped breast pocket). This kind of pocket takes longer to sew, and the finishing details require great care.
2. A little extra fabric is hand-sewn on the front under-collar of every Isaia jacket. In the past, a tailor needed this extra fabric in order to be able to reverse the jacket for his less well-to-do customers, to get a few more years of wear out of the garment. Today, it is a mark of class and a symbol of traditional Neapolitan tailoring.
3. The most important attribute is the fabric. A gleaming silk is used, and a classic 45-degree cut is used to ensure that it lies perfectly flat and never twists on its weave.
4. The Neapolitan-style armhole is small and set very high. As the diameter of the armhole is smaller than the diameter of the sleeve-head, the tailor has to hand set the sleeve-head's extra fabric into the armhole, through the use of a "grinze" in the shoulder.
5. Each piece of cloth is ironed on the top and bottom sides using manual, contoured presses that ensure style and a good fit. The finished jacket is then ironed again by hand for an hour and a half to refresh the cloth and redefine details.
6. The boutonniere loop embroidered with coral-red thread on the back of the lapel is an essential of any Isaia jacket.
7. The buttonholes on any Isaia garment are long-lasting and sturdy. Awl-cutting, stitching using fine cotton and buttonhole-stitch edging in glossy silk thread are all done by hand.
8. With a patterned fabric, cutting the cloth by hand is absolutely essential to ensure that checks, stripes and other designs line up perfectly to create a smooth and continuous pattern.

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4.2.2. Event marketing

According to the corporate philosophy, another critical success factor for Isaia is the unconventional communication based on stakeholder engagement. Business-to-customer communication is designed to attract the interest of a particular type of man, one whose lifestyle is based on the concept of "contemporary tradition." This is principally in the form of strong, direct advertising campaigns that appeal to customer loyalty. For the business-to-business communication, instead Isaia uses informal and customized channels, not exclusively to inform intermediate customers about the clothing details, but also to engage final customers in a memorable shopping experience.

The customized orientation of Isaia also informs its communication and relationship with the media. For instance, the company cooperates with important American press players (i.e., GQ, Forbes, Esquire, Luxos, Hello, Gainer, Leon, Quote, and WWD). In fact, Isaia manages these stakeholders (through so-called press walks) in an unusual way. They are often invited to in-store events to discuss the latest company news, because in this manner they can experience Isaia's world. There is a special relationship between Isaia and the media; they have contact and constant dialogue about a wide variety of topics, from the choice of the outfits to the choice of exclusive event locations.

It is possible to note the strategic role played by the store, as event space, to support communication between Isaia and its stakeholders. A successful example was the "*Sciuscià* event," in 2010, when a professional shoeshiner offered a unique and memorable experience to Isaia customers, in enacting a historical Neapolitan tradition (**Figure 3**).

Figure 3. The shoeshine chair during the *Sciuscià* event. Source: Isaia website.

Moreover, there many frequent events (including social dinners, parties, and special events reserved for premium clients). Examples of experiential events in store for premium clients are: wine tasting organized with the best wine tester in the world, Luca Gardini, and personal styling days, when a professional style designer offers customized recommendations to each customer.

In addition to the events in store, Isaia also uses other unconventional forms of communication. For example, at a dinner party during the Milan Fashion Week 2016, the firm presented a short movie, *Tailor-Made-Crime*. The movie was a transmedia storytelling tool by which the firm told the story of its production in Naples. The main actor was an active chief of police interested to know the reasons for the success of Isaia's owner and CEO, Gianluca. Through the story of the firm, the movie also presented an image of the city rather different from the common perception, based on the success of important handicraft firms.

4.2.3. The flagship stores

The Isaia brand operates in Italy, New York and Tokyo through a distribution network of 230 stores (both multi-brand and mono-brand stores). The mono-brand stores are in Milan (Italy), Capri (Italy), Baku (Azerbaijan), Moscow (Russia), Saint Petersburg (Russia), Yekaterinburg (Russia), Kiev (Ukraine), New York (USA) and Beverly Hills (USA). The firm itself actually owns only five of them. The retail strategy draws on the strategic relevance of the country, the location, the market cultural background and in particular the need to be present in particular strategic luxury fashion districts.

For the same reasons, Isaia opened a flagship store in Milan, in the so-called *quadrilatero della moda*, the world-famous fashion district. The store has 400 m^2 of floor space on two floors: the first floor is dedicated to display and the second floor has ten windows directly overlooking the main street. A match between a contemporary lifestyle and local Neapolitan tradition is achieved in the internal environment, designed by the internationally renowned architect James Irvine.

The first floor is dedicated to the following product lines: Ready to Wear, Made to Measure, Bespoke, Accessorize and Events. The main relevant element of this store is the experiential room, the so-called Vesuvio room, which is reserved for premium clients. Vesuvio derives from the chandelier (**Figure 3**), which is reminiscent of Mount Vesuvius.

The same shopping experience is designed in the flagship store in Moscow, in the Petrovsky Passage in the city's shopping center.

The Isaia experience in the flagship stores is in line with key elements of the corporate philosophy: details, innovation, tradition and differentiation. The success of this retail experience is mainly based on the location, the visual environmental design and atmosphere, the internal layout, and the customized relationship with the customer.

Both tangible (i.e., furnishings, physical materials and the layout) and intangible factors (the atmosphere and the "servicescape," i.e., colors, lights, and sounds) affect the consumer's cognitive, affective and behavioral response [49, 55]. In the service and retail literature, various studies have shown that perceived quality of the physical environment influences consumer behavior [56].

In the flagship stores, the displays of the clothing are well separated from each other and the lighting is natural because the handcrafted items need wide spaces and natural lights in order for customers to observe the details accurately. Finally, an important role is played by the windows, which are designed both to have a communication function and to be a link between the indoor and the outdoor (**Figure 4**).

Figure 4. The Vesuvio room, reserved for premium clients. Source: Isaia website.

5. Discussion

The basic premise of this chapter is that consumer-brand relationships play a role in the consumption experience in the luxury fashion markets. The case study shows some critical factors that have determined the success of an Italian fashion brand. The empirical and academic evidence shows a radical market environmental change, where consumers are more and more interested in receiving a self-expressiveness value from their purchases [39]. They want to be part of the consumption process and to experience unique and customized purchases. According to Kotler and Keller [57], the supply-side perspective is also changing, resulting in new challenges to marketers to build and manage their brands. The customer-based brand equity model helps marketers to interpret the branding effects of marketing communications in this complex new marketing world. In this sense, the case study of Isaia provides evidence that integrating marketing communications between events and media relationships and the store experience together with the customization of the clothing achieves the desired experience and image in the minds of consumers.

In the particular context of the luxury fashion industry, the theoretical background and the empirical evidence show the need to work on consumer-brand relationships in order to improve the shopping experience, and the need for the co-creation of value between the brand and consumers. The key literature on the service and retail industry shows that environmental design and atmosphere ("servicescape") and social interactions can have a positive or negative effect on consumers' cognitive, affective and behavioral responses [49, 55]. In line with our theoretical assumptions, we have validated the conceptual framework by verifying that the critical success factors of Isaia are: a. the customization of its handcrafted clothing,

b. unconventional but integrated communications based on the strategic role of events and c. the flagship store as a place in which to experience the brand. This case study provides empirical evidence that enriches the existing literature on luxury fashion marketing and branding by suggesting an original framework. Moreover, in a managerial perspective, the research findings emphasizes the role of customization, event marketing and store environment as strategic factors to improve the brand experience in luxury fashion industry [25, 58].

6. Conclusion

The present work explores the role of brand management in creating strong consumer-brand relationships in the context of the luxury fashion industry by proposing some marketing tools as critical success factors. The Isaia brand demonstrates that customization, event marketing and the flagship store are the critical success factors to achieve competitive advantage and the co-creation of consumer luxury brand experience. In fact, the firm's consumer-brand relationships are based on frequent dialogue between the firm and stakeholders (customers, the media, employees, retailers) and unconventional forms of communication which give a high level of engagement because the primary aim is to create no separation between production and consumption [58], which traditionally serves to divide the parties.

Although the findings of the current study have shed light on some important issues, some limitations need to be considered in future research. First, a single case study was used, so the results cannot be generalized. Second, the critical success factors identified could be a minor part of a wider experience strategy. Third, the case study concerns a fashion company but the luxury market segment involves other interesting industries. Based on these limitations, it would be interesting to undertake another case study in the luxury fashion industry in order to make comparisons possible. Moreover, future studies should collect data on a sample of Isaia customers to monitor the brand experience, brand attachment and brand loyalty. Moreover, there is an opportunity to extend the study to investigate and introduce other success elements (e.g., the "country of origin" effect, the role of employees). Finally, the research could be improved by examining a larger number of companies, which would help to identify the extent to which these findings have a wider application, perhaps even providing cross-cultural insights into the marketing of luxury goods.

Author details

Marcello Risitano[1]*, Annarita Sorrentino[1] and Michele Quintano[2]

*Address all correspondence to: marcello.risitano@uniparthenope.it

1 Department of Management Studies and Quantitative Methods, University of Naples Parthenope, Naples, Italy

2 ESADE Business School, Barcelona, Spain

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