

PRODUCT BRAND, THE KEY FACTOR IN MARKETING STRATEGY FOR AGRICULTURAL INTEGRATED UNITS (CASE STUDY AT S.C. AVI-TOP S.A. RĂZBOIENI-IAȘI)

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Abstract

In the Romania's EU entry conditions, the development of free trade on the market, the integrated livestock units were forced to adapt and protect its trademarks and products, national, community and international level.

At the same time, the brand has proved to be a very important element for any business, has become a strategic element with its own value and independence, that is becoming more pronounced and an integral part of any marketing and management strategy.

Over time, the economic importance of brands has increased in direct proportion with increasing the role of advertising and the development of world and international trade.

The brand has shown its importance by the ability to attract and preserve clients; it is an essential element of business customer growth.

The trademark is the most valuable intangible intellectual assets of the company.

The value of the brands as assets must be maintained and that companies must realize that managing with success a brand is essential for its survival.

The certificate of trademark is the ownership act, which gives the holder an exclusive right to the brand for a period of 10 years, and after this period the mark has to be renewed for other periods of 10 years.

The paper aims as objective, the methods identification that could influence the increase of market share through design, approval and protection of trademarks, based on a case study conducted at SC "AVI-TOP" S.A. Războieni-Iasi. Based on these methods, can be design a system for choosing the most efficient mix of brands in the portfolio of products, according to the distribution channels used by the company.

Since the establishment of the company, its brands have been fundamental in achieving a successful economic outcome. The company currently owns four successful brands, which are serving the regional market of the northeast region of the country.

Obviously, the success is due to the fact that each brand is consumer oriented and as they evolve, the marketing and branding of the company must also evolve. The rhythm of this development is accelerating every day and this is one of the factors that generate not only new opportunities but also new challenges.

Key words: brands, strategies, design, poultry

Intangible assets are assets which embody certain legal rights on long term, or competitive advantages created or purchased by an enterprise.

Intangible assets represent an increasing share of large companies' market value, as performance and profitability of companies are determined by the exchange and exploitation of ideas, information, expertise and services and less by the control over physical resources.

Also, the asset must be identifiable, controllable, alienated and separate in relation to the business.

The brand is an indicator of generating income and future benefits. The brand has three main attributes:

- has no material substance and differ from tangible fixed assets by the lack of physical properties;

- can contribute to net economic benefits to the holder;

- are legally protected or through a facto right.

Given that the asset may be disposed of only as part of generating profits activity, it is considered that it can not be dissociated from the goodwill that is related to, being accounted in this way.

Since the company S.C. "AVI-TOP" S.A. Războieni-Iasi was founded, its brands have been fundamental achieving successful economic outcomes. Currently, the company owns four successful brands that are serving the regional

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market of the north-east development region of the country.

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MATERIAL AND METHOD

The case study was conducted at S.C. "AVI-TOP" S.A. Războieni - Iași, a private company, specialized in broilers growth and industrialization of poultry meat.

It was considered the existing brand portfolio of SC "AVI-TOP" S.A. Războieni - Iași, the design methodology, certification and brands protection.

RESULTS AND DISCUSSIONS

The Avi-Top brand was the first brand under which SC "AVI-TOP" S.A. Războieni- Iași started to distribute their products since 2001. **Brand architecture** is the strategy used by companies to report to the market they belong.

According with **David Aaker**, there are four main types of brand architecture and each model involves different risks and advantages which may affect the chances of a brand evolution: "*House of brands*"; "*Featured Brands*", "*Subbrands*", "*Branded house*".

Brand architecture is so designed that acts as an interface between the consumer and business portfolio strategy of the manufacturer. **The portfolio of brands** in S.C. "AVI-TOP" S.A. has the following architecture (*Fig. 1*).

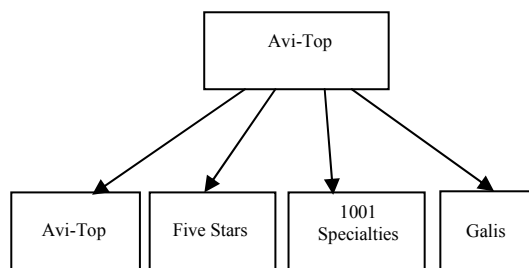


Figure1 **The architecture of brands portfolio at S.C. Avi-Top S.A. Războieni Iași**

In the ten years of experiences S.C. "AVI-TOP" S.A. Războieni-Iași, brand strategies and brand concept has evolved with technological development, based on important principles and values. The transmission of these values resulted in strengthening the brands, some becoming strong brands, as a promise in each consumer mind. Built

with care and support, this promise can support innovation in the production and expansion of a range of product in its original category, and allow the transfer of a brand in a new market segment.

S.C. "AVI-TOP" S.A. Războieni-Iași, understood how important is for a brand strategy to change over time to achieve maximum performance, reputation and prosperity. A well-managed brand can persist in the minds of several generations of consumers.

Making an optimal portfolio of brands and a coherent structure are key components of brand marketing strategy of the company.

An important element of marketing strategy of the company is structuring a harmonious and consistent brand architecture and brand policy, managed in a professional manner. It also requires identifying the key factors for long-term survival of its brands; especially those that are strengthen and protect the place they occupy in the minds and lives of consumers.

Also, the development of brand meaning and understanding by its consumers is vital for the company. Brand adoption has become a key of product policy, because it requires long-term investment and almost there is no product without a brand. Therefore, an important moment is the choice of brand type. The whole reason to be of a brand is to improve the lives of consumers, which become better informed and more demanding, and also to sell and make profit.

The brand became a central element in creating value, both in terms of heritage, relational or commercial power. The main causes of these developments are largely due to market saturation and the tendency of standardize the products.

From this perspective, the brand has become the main driver of consumer society. Therefore, in the choice of a strategy, the company took into account details, of how to be managed the strategy, so that the brand can overcome the encountered obstacles, during the lifecycle of the product and market in which it activate, and especially how to ensure the longevity of its brands.

S.C. "AVI-TOP" S.A. Războieni-Iași takes into account the possible difficulties that could face one brand, the risk of copying by competitors, the risk of becoming insignificant, the risk of decline over time, the flexibility of use, the inadequacy of the types of product promotion.

Among the reasons why the **multibrand strategy** was assumed by the management and marketing of the company are:

- the impossibility that Avi-Top brand as unique brand, can cover all market segments;
- the possibility of using a segmented market strategy based on price;

- the ability to develop better positioned and defined brands, to build a brand values that have significant impact on consumers and to meet their differentiated needs;

- better opportunities for the management of customer relationship;

- the diversity of distribution channels;

- avoid the risk that could be a problem with a single brand;

- limiting the decrease of brand loyalty degree (eg economic crisis, which caused the consumers to choose products based on the lowest price).

The multi-branding was by far the most effective brand strategy for the company because it offers excellent opportunities to open new market channels, including independent brands, each focusing on maximizing the impact on the market.

Brand portfolio strategy development is a complex process that must be adapted to each situation individually. Brands portfolio are delimited, on price segments or on categories / subcategories of product, and compete only partially.

An optimal portfolio of brands on a market may be one of the hardest goals to achieve, because the criteria underlying the construction of such a portfolio are often contradictory and there is no "recipe" generally valid.

The strategic option of **S.C. "AVI-TOP" S.A. Războieni-Iași** is the developing and improving the product and ranges or lines from which they belong.

Linking the actions assumed by promoting brands in practice, actions which, although isolated, apparently aimed common objectives, so they are effectively integrated in the global activity of the organization is done based on *marketing program*, a modern management tool, which is included in the **management method based on programs**.

Such a method, although relatively heavy accepted in other areas, has acquired in the marketing activity management, a full and unquestionable cooperation. Therefore, the development and implementation of marketing program requires commitment, investment, consistency, trust, patience, diversity, subordination, accessibility, originality, measure.

For that, it was necessary a carefully study of existing information about the product market (*documentary research*) and a conducting complex marketing research (*brand, packaging*), using methods such as: *in-depth interview and meeting group, testing a representative sample of product acceptability*.

The strategy of **S.C. "AVI-TOP" S.A. Războieni-Iași** included a range of coherent decisions on types of products, improvement or elimination of some products, the launch of products (new brands). In their turn, these strategic options are detailed in structure and, on the other hand, the product strategies will be correlated with the strategy of other components of the marketing mix (price, distribution, promotion) in order to achieve the company objectives.

In the design of brand strategy, the company follows the steps:

- a. the diagnostic analysis of internal potential and external environment configuration of the company;

- b. the identification of the brands market increase ways;

- c. formulation of overall strategic objectives;

- d. positioning the brands in portfolio architecture and in the consumer's mind;

- e. formulation and evaluation of product strategy in the context of the marketing mix;

- f. continuous monitoring of operations implementation of the strategy and possible corrective actions as response to feedback.

The diagnostic analysis of company potential against configuration and dynamic of external environment highlighted the following aspects:

- a.the "leader" brand that contribute to achieving the highest percentage of turnover and profit;

- b.products with attractive role for customers who prepare the future, which will replace at some time the leader product;

- c.products with regulator role in the range;

- d."tactical" products with role in dealing with competition etc.

The analysis revealed the advantages and weaknesses of the company against competitors on the market. Depending on the objectives and position that the company wanted to occupy, was able to address strategies for a rapid profitability of the products and also market penetration strategies.

Depending on the purpose, **S.C. "AVI-TOP" S.A. Războieni-Iași** had to choose from a wide range of strategies that the literature mentions.

The management of existing products concerns the maintaining of internal balance of the product range, which reflects beneficial the company's financial balance. To this end, every product is monitored separately, in relation to the range and the market which it belongs, is developing the products that are suitable for this and are removed the products that do not have interest for the company. In the 10 years of **S.C.**

“**AVI-TOP**” S.A. **Războieni-Iași** activity, the concept of brand has evolved with technological development, based on great principles and values.

The main components that define the company's brands are:

✓ **tangible parts**, which includes all technical characteristics of the product, packaging and their functional utility;

✓ **intangible components**, including name, brand;

✓ **communications on the product**, which refers to all information submitted by producers to consumers.

The product image is what the consumer thinks about it, judged in terms of how the product is.

From this point of view, S.C. “**AVI-TOP**” S.A. **Războieni-Iași**, gave special attention to aesthetic elements. Those cover presentation of products, the used packaging, their utility and properties, color, all related to social value. They consider the degree of product improvement, elegance, and respect for rules of hygiene.

In the basis for decisions on company brand management, the first step is to approach aimed at forming an image on each product's position on the structure of production. This involves combining a series of tests: a. B.C.G matrix (model); b. the analysis of range life cycle; c. correlative analysis of the product life cycle with the life cycle of the market to which it belongs.

a. BCG analysis, known as the **matrix of market share growth** was developed in 1970 by Bruce Henderson, one of the most popular and commonly used in the construction of a company brand portfolio.

The product classification of a company's portfolio, according to the degree of market growth and thus the phases of the market life cycle, requires a good knowledge of product features on the market in growth or in maturity phase. With this matrix are grouped the existing brands (products) from a businesses portfolio in four categories, according to, two criteria:

- **market growth rate of the brand (product)**. As differentiation, it was considered a threshold 10% value, to distinguish a fast growing market from a slower growing, stagnant or decreasing one;

- **relative market share held by a company in that market**. As differentiation, it was considered a threshold 1.00 value, to distinguish the leader products from non-leader ones of the enterprise. Thus, depending on the quadrant in which they are placed, brands (products), will have suggestive names, allowing their analysis: 0-1 small share products, 1-2

products with a higher share, 0-10% products small growth rate, 10 -20% products with high growth rate.

The main assumption was that the potential growth for a given product or service can be assessed according to individual market shares and market growth rates. The greater market share is, the greater is the increase of controlled market and the probability of a profit due to dominance. Conversely, a brand with a low rate which operates on a market will have the potential to a significantly increase of their volume of business if they had the necessary resources.

Taking into account the indicators of growth rate and relative market share, BCG model divides a company's product into four categories:

1. "star" or "stars" - are products that work on a market with significant growth rate and the company occupies a relative market share, they are the most valuable products for the company. Typically, a product in the growth phase is placed in this quadrant.

2. "dilemma" – the brands in this quadrant are products that act on a rapidly growing market. These products require cash; they contribute to the company, although their development is uncertain. Thus, the "dilemma" will be produced in the launch phase, when still not sure if will be successful or not. They are tempting because with the appropriate investments have the potential to become stars.

3. "dairy" or "milking cows" are products which occupy a leading position on a market in a slow growth, stagnation or even decline. These products are certain values of the company, meaning that they make profits and provide cash to finance other products in other quadrants. A product in the maturity stage may fall in this quadrant. Viewed over time, the phenomenon, at first slowly, then ever faster, the brand comes to lose the ability to defend what remains of profitability, which can have disastrous repercussions on economic performance of the company.

4. "dead spots" or "millstones" includes products on the market in slow growth, stagnation or decline and have a low market share. They are unable to generate profit growth and do not help improve the company image. Since needs liquidity, there is the question of their maintenance or abandonment, but only after a rigorous analysis of all economic and financial aspects. Typically, a product in decline phase is located in this quadrant. There are cases when some entrepreneurs have reinvested in the brands with the status of "millstone" purchased from other companies.

Boston matrix application in brands, assume that at a time when growth will stagnate, a brand "star" will reach the status of "milking cow", "question mark" or "millstone". As the increase is more hesitant and investments are withdrawn, reducing the competitiveness of brand and marketing support is stopped, is creating a downward spiral hard to beat.

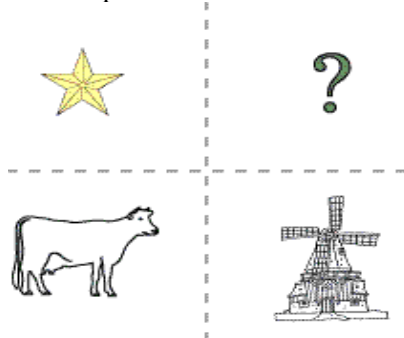


Figure 1 Matricea B.C.G

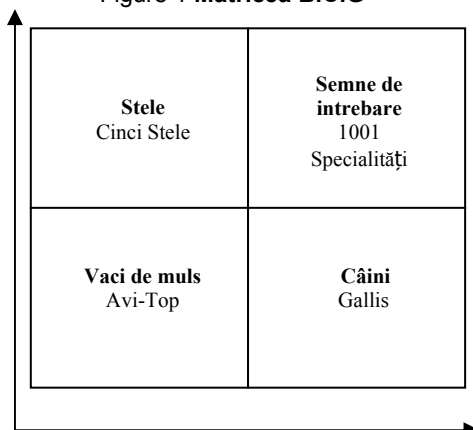


Figura 2 B.C.G. matrix for the brand portfolio of S.C. Avi-Top S.A. Războieni-Iași

b. The analysis of range (brand) life cycle

Research of the state in which the range of products is, is done by calculating the average age of its products for comparison with competitors offer or by identifying the life-cycle phase in which each product is currently in, and representation to the turnover of the company. Concrete situations confirm in general, the 80/20 rule (**Pareto's rule**), that 80 % of turnover comes from 20% of products.

This principle is based on the theory of unequal distribution of things in the universe. The most important conclusion of the Pareto principle remains the idea of focusing on increased productivity rather than increasing the effort or resources, the idea of needed effort selectivity, instead of enhancing it in achieving objectives.

Pareto diagram utility consists of the following:

- effectively solve a problem by identifying and prioritizing the main causes in order to importance;
- sets the priority of many practical applications, such as efforts to improve the process, customer needs, suppliers, investment opportunities;
- improved use of limited resources;
- indicate the direction in which efforts must be directed.

c. Correlative analysis of the product life cycle with the life cycle of the market to which it belongs. The indicators used in this type of analysis, are regarding the current market of the product, foreseeable growth, the company's current market share and its potential advantages that could lead to an increase of that share. In general, this analysis offers the company the possibility to know the environment in which the brands develop, to deliver strategies based on value judgments about the prospect that trademarks have or haven't in the portfolio organization.

There is a correlation between the life cycle of a particular product and market life cycle to which it belongs. It can be shown in all its aspects in the table 1.

Elimination of marginal products, which do not interest the company, is following a broad control over the portfolio of products, achieved through a series of analysis and using various methods, of the above.

With respect to each product, there is an alternative decision on maintenance, development or abandonment, analyzing the list of performance indicators of a mark as follows (**Hamish Pringle, Peter Field**).

Successful branding strategies: **trend indicators:** 1. brand awareness, 2. perceived quality, 3. brand differentiation, 4 level of emotional involvement, 5. declared use, 6. intentions to buy the product, **late indicators:** 1. entering use; 2. test levels of the product, 3 market share 4. dependence of product demand on its price, 5. profitability. In other words, the main issues underlying the decision regards the contribution to the achievement of product turnover and profitability, prospects, the consequences of disposal / storage the product, the profit of the company, distributors, brand image, etc.

Table 1

The intersection of brand life cycle with the life cycle of its market

Life cycle of brand	Market life cycle	Launching	Development	Maturity	Decline
A	Launching	Opening new markets	Tracking and brand development strategy	Maturity	Sometimes lucrative opportunities
B	Development	-	Apriori very favorable situation	One can assume the risk of relaunch	The same with A4
C	Maturity	-	The need to complete the range by launching new products or attack new segments	The same with B3	It is the case of "dairy" products. Investment is due to launch a new product or to keep the existing ones?
D	Decline	-	Should have launched a new product from the previous phase. It can be done in this phase.	The same with D2	The investigations stops, it prepares product recall and exit from the market.

Table 2

Brand product sales in the S.C. Avi-Top S.A. Războieni-Iași, during 2007-2010

Year	The brand			Total on year
	AVI-TOP	Five stars	1001 Specialties	
2007 thousands tones	4220.5	-	-	4220.5
thousands lei	25026.7	-	-	25026.7
2008 thousands tones	5525.8	28.1	1666.7	7221.6
thousands lei	35970.5	30.6	208.7	36209.8
2009 thousands tones	6012.2	42.8	8.9	6063.9
thousands lei	41416.5	442.9	103.8	41963.2
2010 thousands tones	6163.7	45.7	2.5	6211.9
thousands lei	41024.0	465.0	33.1	41522.1
Average - thousands tones	5480.6	29.2	419.5	5929.3
% din total	92.4	0.5	7.1	100.0

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CONCLUSIONS

The key role of brand management expertise lies in managing the complexity of the market, including the existence of product segments, locations and multiple distribution channels, customer management by identifying, influencing, winning, service, satisfaction and loyalty of their profit.

In the last five years there was an explosion in the number of brands on the poultry market, so S.C. “AVI-TOP” S.A. Războieni-Iași must be aware of brand philosophy and especially the constant investment in promoting the brand product portfolio.

Repositioning, relaunching or introduction of new brands of poultry whenever is necessary is important, to ensure the company's product portfolio balance.

Adapting and reinventing brands is necessary to solve problems that may arise on poultry market (such as avian crisis, subsidies stops), optimization to support the portfolio of brands, so brand strategy to be improved.

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