

BRAND: EVOLUTIONARY COGNITION, MODERN INTERPRETATION AND EMPIRICAL RESEARCH

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The article illustrates one of the major concepts in marketing – brand, with an in-depth analysis of its evolutionary cognition, by presenting some implications of modern interpretation and through the presentation of the results of a customer preference survey of Lithuanian chocolate KARŪNA, carried out in Kaunas, Lithuania. By applying the brand and customer interface concept in contemporary business practice, it is possible to establish communication with potential customers by satisfying their needs. The theoretical generalisations and empirical findings presented in this article could be of interest for marketing theoreticians, general academic society, and persons, directly interested in the development of their brand products.

Keywords: brand, customer satisfaction, customer perception

"The brand is in fact extremely complex, as it is formed by all inputs received by the consumer over time: from experience in use, from word of mouth and display, for example, as well as from all the communications (name, packaging, advertising)."

(G. Randall 2001)

"It's the emotional bond, the personality of the brand, and the experience we look forward to each time all mixed together that influence our behaviour."

(D. Breakenridge 2001)

"...one industry after another has discovered that brand awareness, perceived quality, customer loyalty, and strong brand associations and personality are necessary to compete in the marketplace."

(D. A. Aaker & E. Joachimsthaler 2002)

Introduction

Market participants should realise that the impact of brands on their own business activities is enormous, thus, they should strive to utilise its advantages. The application of

branding in a company plays a crucial role on the company's marketing policy, conditioning the criteria of organisational survival in a given market. This phenomenon, on the other hand, can condition higher sales turnover and

improve a company's image and reputation. The definition of *brand* is not fully studied and interpreted in Lithuania, thus, considerable attention is given to this scientific issue in this article. *The research objective* can be defined as *identifying specifics of brand cognition from a historical perspective with an emphasis on a hypothetical proposal of a brand complex and modelling of customer and brand interface, based on empirical research and application.*

The research tasks of this article are as follows:

- (1) *to conduct an in-depth study on the historical background of brand evolution and present a hypothetical model for its cognitive development;*
- (2) *to study approaches on brand elements, functions and classification by proposing a hypothetical model of a brand complex;*
- (3) *to perform an empirical study of customers' perceptions of KARŪNA brand chocolate bars in the form of a survey and propose a hypothetical model of customer and brand interface for a given case;*
- (4) *to conduct a pilot study using the observation method, in order to identify the positioning strategy of KARŪNA brand products in major supermarkets in Kaunas, Lithuania.*

The research object of this article is two-fold, namely, *theoretical brand perception from a historical point of view and empirical brand cognition through a defined case study.*

The research methods applied in the theoretical analysis and empirical studies are as defined below:

- *a systemic and analytical approach to scientific literature and studies* – the article is based upon a study on brand and branding concepts and their theoretical background with emphasis on the most recent scientific works and ideas. Lithuanian scholars have disclosed this topic in the relatively restricted context of marketing theory;
- *analysis of secondary data* – a variety of secondary data sources (statistical data, verbal and non-verbal information, Internet search tools etc.) have been applied in this study, which served as the background in preparing the empirical study on customers' attitudes to a certain product brand;
- *analysis of primary data*, acquired by means of a *structured questionnaire* to determine customers' opinions about KARŪNA chocolate brands in order to be able to identify the nature and propose a hypothetical model of customer and brand interface for KARŪNA brand products;
- *the observation method* was applied to determine the competitive positioning strategy of KARŪNA chocolate brands on the shelves of major supermarkets in Kaunas. This method was very useful in demonstrating the relative degree and significance of positioning on customers' choice to purchase a certain product brand.

Significance of the Study and the Possibilities for its Application

This scientific research is dedicated to the study of the interface between customers and brand, which has been receiving ever more attention from theoreticians and practitioners in Lithuania and abroad. *The brand concept, as an integral part of a company's marketing strategy, should receive broader application in modern businesses, as these marketing tools create added value to a product/ service by forming and ensuring company financial stability.* By applying brand and customer interface concepts in contemporary business practice, it becomes vital to establish communication with potential customers through satisfaction of their needs.

1. Defining the Brand Concept in Marketing Theory

For a very long time the term company 'equity' was considered to be something material and tangible, such as equipment, buildings etc. Quite recently one of the most important equities of an enterprise – the brand, was discovered, which could attract and retain customers. The advantage of any enterprise lies in the fact that its product is marketed and noticed by potential customers. The broader the target customer groups, the better.

Brand developed many centuries ago, but it is only recently that it has received scientific attention. Various means and tools were employed to attract and inform customers on specific products, their origin and features. Producers used their brand names to differentiate their products from those of competitors. Products of the Ancient World, dated as far as 1300 B.C. had brand names (J. N. Kapferer, 1997). The visual presentation of a product was a very much-accepted form of information as most of the population was illiterate, while product advertising became a standard of life.

Having a deep history of brand application, modern branding emerged only in the 19th century. Industrial revolution, permanent upgrading of advertising means and marketing techniques, and the development of transport means have fostered consumers' interest in various goods, especially those imported from other unknown, quite exotic countries.

Thus, every merchant strove to single out his / her merchandise from the rest: it became possible to do so by applying the experience of the past, for example, by creating a special package or giving the product a specific brand name etc.

As time passed, a more modern concept of brand was adopted, where the brand's core became the firm's name or product logo. The visual presentation of the product acquires not only the form of informing customers of particular product features, but becomes more important in promoting the brand name, firm name or logo. Over time various scientists expressed their views on brand definition. A few interpretations of brand perception are presented in *Table 1*.

J. N. Kapferer (1997), Ph. Kotler (2001) and S. Dibb, L. Simkin, W. M. Prize, O. C. Ferrell

Table 1. Samples of Brand Defining

| Author | Source | Definition |
|------------------------------------------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| J. N. Kapferer | 1997, p. 15–47 | <i>Brand</i> is neither the product logo, nor any other graphical / technical solution taken alone. [It is] the product's essence, source and means of being noticed in the market. |
| P. Doyle | 2000, p. 365 | <i>A successful brand</i> is a name, symbol, design, or some combination, which identifies the 'product' of a particular organisation as having a sustainable differential advantage. |
| G. Randall | 2001, p.155–156 | The essence of any <i>brand</i> is that it is more than an undifferentiated, commodity product. In the perception of buyers, it has a unique identity. What a brand emphatically is not is just an image created by a jazzy name and clever promotion. |
| P. Kotler | 2001, p. 301 | <i>Brand</i> is a name, term, sign, symbol, or design, or a combination of these, that identifies the maker or seller of a product or service. |
| S. Dibb, L. Simkin, W. M. Prize, O. C. Ferrell | 2001, p. 269 | <i>Brand</i> is a name, term, design, symbol or any other feature that identifies one seller's good or service as distinct from those of other sellers. |

(2001) present very similar descriptions of brand, though they emphasise that brands are the most important elements of a firm's marketing, as they give certain personality to the product or service. S. Murphy and J. Hart (1998) also assess the brand as a set of elements, the trademark being essential in differentiating the product in the market and serving as a financial guarantee.

P. Doyle (2000) prefers to discuss the brand perception from the point of competitive advantage, where particular product attributes, such as name, symbol, design, or some combination, should position a company's product in the market. G. Randall (2001) expresses a more skeptical view of brand definition and raises the question of whether it is possible to define this phenomenon at all.

In this paper brand will be defined as follows: *brand is a rational combination of physical, emotional, aesthetic and functional elements, being closely interrelated and targeting customers' needs, which identifies the enterprise's good in the market and creates additional financial value for the enterprise.*

2. Hypothetical Evolutionary Stages of the Brand Concept

As it was stated earlier, the brand concept has been developing for quite some time. In the

beginning, the trade mark was considered a brand, later it was interpreted as a brand name, and, most currently, it relates to product quality. In the meantime, brands encompass the most essential subjects, related to an enterprise and the product itself: business objectives, culture and others. The aforementioned predispose us to analyse the evolutionary stages of the brand concept, which have been hypothetically grouped as shown in Table 2.

Stage 1 is the longest evolutionary stage, which could be called the cornerstone of the whole brand concept. In this stage local producers marketed their products according to their specifics or brand name.

Stage 2 starts with an introduction of advertising. Such elements as trademark and the firm's name emerge, advertising both the features of a product /service and its brand. **Stage 3** has been identified as the reasons companies place significance on the coherent visual presentation of a brand and product quality (S. Hart and J. Murphy, 1998). P. Doyle (1994) has identified the following attributes of a brand [13, p.237]:

- quality;
- good service;
- innovation;
- comparative advantages.

Stage 4 began in the 80's, when Bates (1974) formulated a new component of a brand – the

Table 2. Hypothetical Stages in the Evolution of Brand Concept

| Stage | Scientific Priority |
|---------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|
| FIRST | Products or services are introduced into the market, using the producer's name or symbol, which state the means of production, some familiar object etc. |
| SECOND | Advertising puts more emphasis on product / service brand name or trade mark |
| THIRD | Innovation of product / service, its quality, customer service |
| FOURTH | Brand personality |
| FIFTH | Brand image |
| SIXTH | Brand identity |

unique selling personality. Thus, the core elements of brand were considered to be *personality and the product* itself (S. Hart and J. Murphy 1998). M. Christopher and M. McDonald (1995) have pointed out three main factors, affecting a product's personality [11, p.168]:

- aesthetic factors (design, packaging etc.);
- rational factors (product / service functions, benefits offered);
- emotional factors (considered most significant, as they give extra value to a product / service).

Brand personality is more important than a trademark, firm's name, logo or any symbol taken separately. A product is identified with a well-known personality (e. g. a film star, a rock star etc.) or it acquires the features of a live object.

Stage 5 focuses on the priority of *brand image*, proposed by W. Keegan and T. Duncan (1995). This definition embraces a much broader perception of brand than brand personality, as brand image constitutes of the following components [17, p.451]:

- brand personality;
- promise to supply product equity;
- advertising;
- promotion;
- distribution channels;
- package;
- symbols, logo, trade mark;
- brand name.

According to J. M. Baker (1992), brand image consists of *four main layers*: *tangible product*, *basic brand*, which distinguishes the product / service from the rest of products in the market, *augmented brand* and *potential brand* (Figure 1). *Tangible product*. The first step in the market is to introduce an entirely new or qualitatively improved product / service. Competitors are quick to copy innovations with functional advantages surviving for a very short time. The most effective way to protect inno-

ventions is through brand creation, which should outweigh the functional benefits of the product.

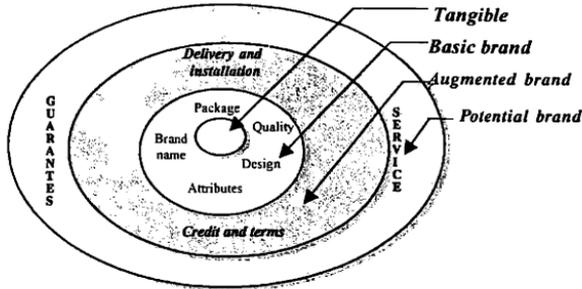
Basic brand. Basic brand corresponds to the most significant brand features, which single out the product from other substitutes and creates brand personality: design, package, logo and colour; pricing strategy; communication, including advertising, sales and sales promotion; selection of distribution channels etc.

Augmented brand. Basic brand has the opportunity of presenting the product in the market in the most attractive way. Though in seeking to reinforce their positioning in the market, companies introduce supplementary products and services, which encourage customers to make repeat purchases. The most common methods of introducing augmented brand are additional services, guarantees and financial support.

Potential brand. A brand reaches its potential when added values are very noticeable and consumers have no intention of switching to other brands, which might even be cheaper and more accessible. In the latter case a psychological benefit is offered, which acquires the forms of trust, total satisfaction, respect. This could lead to the total domination of a particular brand in the market, high turnover, profitability and long-term customer loyalty.

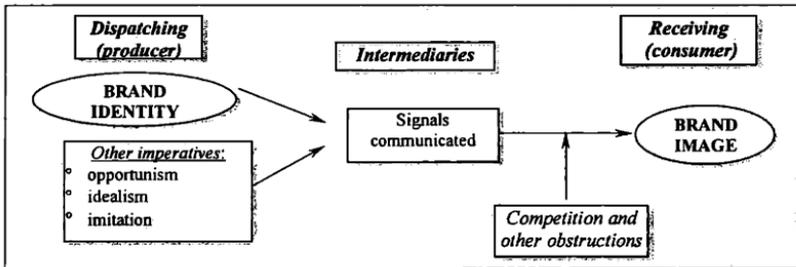
After the stages of brand image, brand positioning and brand personality, science has arrived at *Stage 6* – the stage of *brand identity*. J. N. Kapferer (1997) and L. de Chernatony (1999) summarise the constituent parts of the brand and present a new brand model, the priority of which is based upon *brand identity*.

The main difference between this model and the previous ones is in its emphasis on brand planning, its relation to the preparation of general business strategy and the formation of company's values. This difference is demonstrated in Figure 2, where brand identity



Source: J.M. Baker. Marketing Strategy and Management, 1992, p. 167;
P. Doyle. Marketing Management and Strategy, 1994, p. 167.

Figure 1. Classical Brand Structure



Source: J. N. Kapferer. Strategic Brand Management: New Approaches to Creating and Evaluating Brand Equity, 1992, p. 167.

Figure 2. Difference between Brand Image and Brand Identity

is formed by the producer and the brand image is perceived (remembered) by the consumer in the coding-decoding process (J. N. Kapferer 1997). Main principles of the brand identity concept are presented by J. N. Kapferer (1997) as follows:

- communication becomes not only a means of information supply but a daily struggle to be heard and noticed – *the precondition of longevity*;
- brand should adequately react to changes – *the precondition of realisation*;
- brand should reflect consumers' needs and expectations, but it should remain cohesive – *the precondition of consistency*.

3. Brand Complex and its Constituent Elements

It has been stated above that it is hypothetically assumed that the brand complex consists of four main elements: *functional, physical, emotional, aesthetic* (Figure 3).

- (1) *Functional brand elements* consist of brand name, organisational structure,

commitment, identity vision and trademark. The main function of these elements is influencing the uniqueness of the product, which should be supported during the whole process of the product's appearance in the market.

- (2) *Physical elements* of brand can be noticed during 'communication' with the brand: a customer purchases a particular brand product or service, identifies the packaging and remembers it for the future, gets in contact with shop-assistants or other type of sales personnel. A customer according to his / her own assessment scale can visually assess these elements.
- (3) Components associated with emotional elements are directly related to customer needs and the effect of a particular brand on customers: beliefs, associations, expectations etc.
- (4) *Aesthetic elements* represent the visual and sensual form of a brand while forming its style. Brands are created according to customers' priorities in order to distinguish them from others in the market.

4. Issues in Classifying Functions of Brands

J. N. Kapferer (1997), S. Hart and J. Murphy (1998), Ph. Kotler (2000, 2001), G. Randall (2001) have analysed the functional part of brands and the possibilities to identify the clear functions performed by them. Though studies by these authors were incomplete, they offered a variety of brand functions, albeit ungrouped or unclassified. Therefore, it is essential to analyse brand functions and, in effect, present their feasible classification (Figure 4) grouping on two major poles – those of customer and producer.

5. Typology of Brands

Brands can be classified by different criteria. The review of some authors demonstrated that they offer classifications of brands only according to one chosen criterion. Thus, a classification of brands is proposed in Table 3, with some examples from foreign countries and Lithuania. The hypothetical classification of brands could take on the following shape:

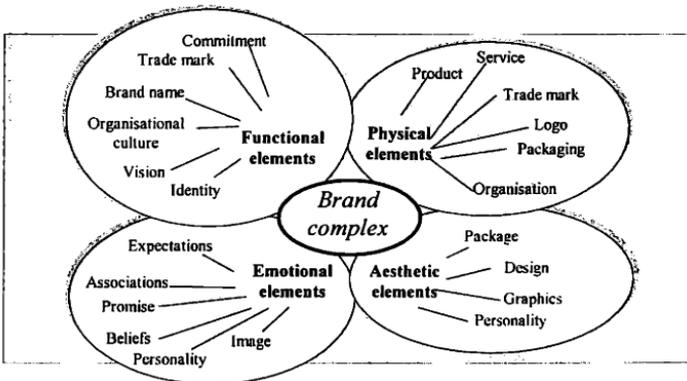


Figure 3. Hypothetical Brand Complex and its Constituent Elements

CONSUMER

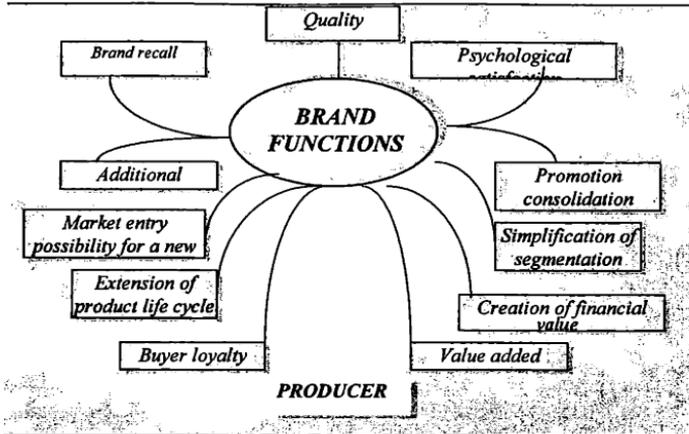


Figure 4. Grouping Brand Functions According to their Priority for Consumers and Producers

3. Hypothetical Classification of Brand Groups and Subgroups

| <i>Criterion</i> | <i>Brand group</i> | <i>Brand subgroup</i> | <i>Example from Lithuania and world-wide</i> |
|--------------------------------|--------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Product nature | 1. <i>Product</i> 2. <i>Consumer goods</i> 3. <i>Services</i> | | "Philip Morris" "Mažeikių nafta" "Hilton" |
| Product group | 1. <i>Product</i> 2. <i>Corporate / umbrella</i> | - monolithic - supporting - hybrid | "Fanta" "Virgin" "J&J" "Ariel+Whirlpool" |
| Profitability criterion | 1. <i>Strong</i> 2. <i>Weak</i> | | "Utenos trikotažas" "Trikotažas" |
| Geographic coverage | 1. <i>Local</i> 2. <i>Regional</i> 3. <i>International</i> 4. <i>Global</i> | | "Tarp gėlių" "Ragutis" "Karūna" "Coca-Cola" |
| Activity nature | 1. <i>Commercial</i> 2. <i>Non-commercial</i> | - product / service - franchising - licencing - retail - business services | "Nijolė" "McDonald's" "Estrella" "IKI" "Ekskomisarų biuras" "UNICEF" |

- (1) Product nature,
- (2) Product group,
- (3) Profitability criterion,
- (4) Geographic coverage,
- (5) Activity nature.

As a precondition to the empirical research, we can identify that the KARŪNA brand could be classified under the criterion of *geographical coverage* and *international* by brand group. It has been discovered that this brand name is used by Kraft Foods International in Lithuania, the Czech Republic, the Ukraine and other countries.

6. Empirical Research on Customer Perceptions of Brand Names in Lithuania: The Case of the Karūna Chocolate Brand Name, Kraft Jacobs Suchard, Lietuva

6.1. Background of the Joint-Stock Company Kraft Jacobs Suchard, Lietuva

On October 5, 1993 a state-owned Kaunas confectionery factory was privatised by Kraft Foods International (CFI) – a foodstuffs subsidiary of Philip Morris Companies, Incorporated. The Kaunas confectionery factory became a part of the European food company Kraft Jacobs Sutured (further KJS) and it was allotted to the Northern KJS Region with the headquarters in London. In 1995, KJS was restructured, one of the reasons being the introduction of the Euro on January 1, 2002. KJS Lietuva was allotted to Central and Eastern Region (CEEMA) with the headquarters in Vienna. Other factories in Poland, Bulgaria, Hungary, Slovakia, Romania, the Ukraine and Lithuania were allotted to the CEEMA Region.

KJS is one of the biggest companies in Europe, producing foodstuffs of high quality. Various subsidiaries of KJS in Europe produce cheese, coffee, confectionery and other desserts, sauces, mayonnaise, snacks, meat products, pasta, jams, rice.

After the privatization of KJS Lietuva, the company's reorganisation followed the following path:

- The sales department was re-established, a sales network in Lithuania, Latvia, Belorussia and Kaliningrad was established, where these countries are the trade region for KJS Lietuva;
- A marketing department was founded, the main purpose of which was to perform market research, develop and implement an advertising strategy;
- A quality system was introduced according to international standard LST EN ISO 9001 requirements;
- Changes occurred in the financial department and the production process was reorganised.

At present the company produces chocolate confectionery. The brand name KARŪNA has been introduced into the market, and has become well-known in Lithuania, Latvia and Estonia, Belorussia and Russia. Other very popular brand names on the market produced by KJS Lietuva are *JACOBS* coffee and *ESTRELLA* crisps.

6.2. Empirical Research Methodology for Customer Attitude Testing

1. *Object*: the effect of the brand name KARŪNA on chocolate consumers.
2. *Place*: Kaunas
3. *Objective*: to study customers' perception of the brand name KARŪNA and to clarify the communication, established between the brand name and its customers.
4. *Hypothesis*: the brand name KARŪNA is well-known to consumers, which has a direct impact on the consumption of chocolate products.
5. *Research method and form*:
 - a) cabinet research, collecting and analysing secondary information on KJS;

- b) primary data collection – one-off pilot survey at Kaunas supermarkets (“IKP”, “Topolis”, “Vikonda”, “Media”), respondents were selected using the stochastic method (100 respondents: 50 % male and 50 % female);
 - c) primary data collection – observation method, used in observing chocolate bar positioning on Kaunas supermarket shelves (“IKP” at Šiaurės pr. 91; “Topolis” at Sukilėlių pr. 84, “Vikonda” at Savanorių pr. 170; “Media” at Krėvės pr. 14B).
6. Research verification: 85 %. Respondents might not know the terms “brand” or “brand name.” Some answers might be affected by the fact that KARŪNA is produced in Kaunas, Lithuania.

6.3. Primary Data Verification and Processing Methods

The return rate of questionnaires was 98 %, where 95 % were suitable for further statistical processing. A coding system was applied in processing the primary data, namely the number 1 was used for a positive answer and the number 0 was used for a negative answer and processed with Microsoft Office Excel software.

Research obstructions and limitations. The following conditions may have had a negative influence on the research results:

- The relatively small representative sample.
- Time and financial limitations.
- The research results may only be interpreted as those of a pilot survey, though they may reflect some tendencies in Lithuania.
- Brand concept misinterpretation by respondents.

6.4. Analysis and Interpretation of the Results of the Primary Research of the KARŪNA Brand Name

The questionnaire was divided into two parts:

- *First*, customers were asked to identify whether they would buy chocolate at all and what their motives are;

- *Second*, the questions were formulated with the intent to establish what factors influence customers’ choices to purchase KARŪNA chocolate products. It was also important to establish if respondents could connect the product under investigation to its producer.

According to the results of the survey, 12 % of respondents do not purchase chocolate products at all.

It has been discovered that the *motives* for purchasing chocolate are varied and acquired the following composition (Figure 5):

- texture of the product (25 % of respondents);
- price of the product (18 % of respondents);
- memories (14 % of respondents);
- packaging (13 % of respondents).

Most respondents specified that the main motive in purchasing chocolate products is the depiction of nuts on the packaging of a chocolate bar. In the case of KARŪNA chocolate, it has been discovered that the respondents (those who are apt to purchase chocolate anyway) would normally purchase KARŪNA chocolate (100 %), though the *motives* are different compared with that of any other chocolate brand (Figure 6):

- (1) texture (26 % of respondents);
- (2) quality (16 % of respondents) and
- (3) out of habit (10 % of respondents).

It has been identified that customer choice is influenced by two important factors:

- The customer prefers to buy a *Lithuanian product* (12 % of respondents) and,

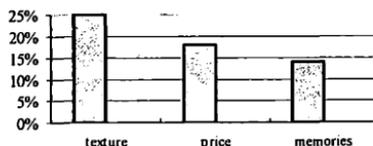


Figure 5. Buyers' Motives in Purchasing any Chocolate Products in Kaunas, 2001

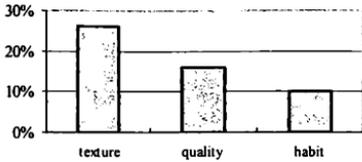


Figure 6. Buyers' Motives in Purchasing KARŪNA Chocolate Products in Kaunas, 2001

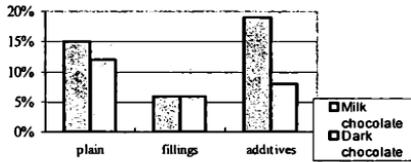


Figure 7. Customers' Preferences in Purchasing KARŪNA Chocolate Products by Type in Kaunas, 2001

- Due to *broad coverage of the market* (10 % of respondents) – KARŪNA chocolate products are available in every supermarket or street kiosk.

Packaging (8 % of respondents) and *price* (7 % of respondents) are also considered by customers.

In researching *packaging* (quantity and design), the following findings were made:

(1) Lithuanian customers in Kaunas prefer to buy KARŪNA chocolate bars of 100 g (50 % of respondents) and smaller quantities of 50 g (31 % of respondents).

(2) There was no clear distribution of choices in purchasing KARŪNA chocolate boxes.

The texture of chocolate bars depends on the type of chocolate used (dark or milk) and the fillings or additives on offer. The following picture of customer preferences emerges, in choosing the type of KARŪNA chocolate products (Figure 7):

- (1) Milk chocolate (with additives – nuts, raisins etc. – 19 %; plain – 15 %; with filling – 11 %).
- (2) Dark chocolate (plain – 12 %; with additives – nuts etc. – 8 %; with filling – 6 %).

The purchasing pattern of KARŪNA chocolate products can be described as frequent because 66 % of respondents purchase them several times a week.

Upon researching *customer perceptions* of KARŪNA brand chocolates, several conclusions have been made, namely:

1. Customers single out KARŪNA chocolate products according to the following criteria: (a) packaging (80 % of respondents) and (b) brand name (56 % of respondents).
2. The KARŪNA brand and logo have been correctly identified by 90 % of respondents, demonstrating the brand's strength among other chocolates in the markets.
3. Respondents associate the KARŪNA brand name with the following features (Figure 8): (a) quality (36 %); (b) style and way of living (32 %) (c) good taste (30 %); (d) image (29 %). Some respondents have noted that KARŪNA chocolates represent "real chocolate."
4. Customer loyalty was tested by asking respondents whether they would continue buying KARŪNA brand chocolates given an increase in their price. 56 % of respondents would continue purchasing KARŪNA chocolate products, provided that the price increase is under 0.50 Lt. About 31 % of respondents were indecisive about their purchasing behaviour regarding price increase. But 54 % of the respondents would definitely look for KARŪNA chocolate products in other shopping centres, if they would fail to obtain them where they usually shop.
5. Customer loyalty was also proven by investigating how well respondents know the ac-

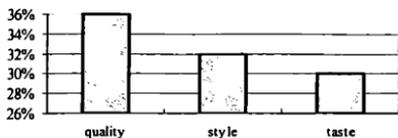


Figure 8. Customers' Perception of KARŪNA Chocolate Brand in Kaunas, 2001

tual producer of KARŪNA chocolate products (56 % of respondents gave the correct answer).

The reason for the KARŪNA chocolate brand popularity in Kaunas can be explained by the fact that Kraft Jacobs Suchard Lietuva is situated in Kaunas. In many cases the producer is also associated with (a) *JACOBS* coffee (30 %); (b) quality (18 %); (c) chocolate (17 %) and (d) potato crisps *ESTRELLA* (12 %).

The survey has demonstrated the possibility of investigating the interface between customers and their perception of brands, especially well-established and successful brands. The empirical research would serve here as a precondition for further modelling of customer and brand interface for a given case – KARŪNA brand chocolates. In order to achieve this task, another research method has been applied, namely the observation method.

6.5. Observation Survey in Kaunas Supermarkets of the KARŪNA Chocolate Bars Positioning Strategy

The observation survey was completed in the following supermarkets in Kaunas: "IKI", "Topolis", "Vikonda", "Media." The chains of these supermarkets are the biggest in Kaunas, which were considered as a suitable location for conducting the observation.

The objective of the observation was to establish the competitive environment (positioning) of KARŪNA brand chocolate products in Kaunas supermarkets. The following

findings of the observation are presented below:

- KARŪNA brand chocolate products are priced differently in the shopping centres researched. The price range is 0.04 Lt – 1.20 Lt. A more significant price difference has been noticed in chocolate boxes, though each individual retail chain has a policy of pricing KARŪNA brand chocolates at the same price.
- KARŪNA brand chocolate bars of 100 g are usually placed on the middle shelves (2–3 shelves from the floor) in all supermarkets, though chocolate bars of smaller packaging (e. g., 50 g, 35 g or 10 g) are positioned next to the cashier tills.
- The positioning of KARŪNA brand chocolate products in all supermarkets researched depends upon the business agreement between the individual supermarket chain and Kraft Jacobs Suchard Lietuva.
- It has been discovered that the price of KARŪNA brand chocolate products is 5%–10 % higher than that of competing chocolate brands, positioned on the same shelves.
- The positioning situation in individual supermarkets is as follows:
 - *IKI supermarket*: KARŪNA brand chocolate boxes are placed alongside LAIMA chocolate boxes (12.95 Lt), RŪTA chocolate boxes (6.45 Lt) and EDRONA chocolate boxes (8.65 Lt). KARŪNA brand chocolate bars are positioned one shelf lower with the following competing brands: MANXION (2.55 Lt), RITTER (1.99 Lt) and VILNIAUS PERGALĖ (2.45 Lt).
 - *VIKONDA supermarket*: KARŪNA brand chocolate boxes are placed alongside LAIMA chocolate boxes (13.65 Lt), RŪTA chocolate boxes (6.45 Lt), while small chocolate bars are placed at the checkout tills.

- *TOPOLIS supermarket*: the representation of KARŪNA brand chocolate products is minimal, though well-grouped and presented. Other brands are positioned one shelf lower or higher, which, consequently, should not emphasise the competition factor (this is typical for LAIMA and RŪTA chocolate boxes. KARŪNA brand chocolate bars are placed at checkout tills alongside SNICKERS (1.49 Lt) and MARS (1.26 Lt).
- *MEDIA supermarket*: KARŪNA brand chocolate products are positioned on the front 4 shelves at the entrance to the supermarket with other brands being placed separately. This is the most aggressive strategy of positioning KARŪNA brand chocolate products in the Kaunas supermarkets under investigation.

The *final generalisation* of the observation survey is based on the tactical agreement between Kraft Jacobs Suchard Lietuva and the individual supermarket chain, which greatly influences the accessibility of KARŪNA brand chocolate products for customers. We might assume that psychological factors, such as convenience, positioning, pricing, packaging and others, effect consumer behaviour in a particular case.

6.6. *Application of the Model of Customer and Brand Interface for KARŪNA Chocolate Assortment*

In order to establish the relationship between customers and the KARŪNA brand name, a hypothetical model of this interface is presented in Figure 9.

According to the pilot survey and observation results, it is possible to state that customers most often purchase KARŪNA

chocolate bars because of the following features: taste (texture) and quality. One conclusion that may be drawn – is that one of the product identity features – **physical product**, does correspond to the qualities, allocated to chocolate and perceived value of customers (taste (texture) – 25 %, quality – 13 %).

The main brand functions performed by KARŪNA are indulging oneself, treating guests and friends, simply satisfaction, which demonstrates customers' relationship with brand personality.

The *brand personality* of KARŪNA chocolates is clearly expressed via brand logo and brand name – the logo of the crown has been identified by 90 % of respondents, while 56 % of respondents also noted the impressive packaging, which stood out from the rest of the chocolate products on the supermarkets shelves. The latter combination is forms brand character, which customers associate with style, important occasions and good taste (subconsciously associating it with the life of kings and queens).

The interface between brand and customers is also determined by organisational goals, marketing strategy and nature of the product offered. Kraft Jabos Suchard Lietuva pays most attention to the following brand features:

- product quality,
- product packaging,
- product presentation.

These considerations were proven during the survey and observation. Customers are apt to choose KARŪNA chocolate products despite its 5– 10% price advantage against competing brands. Satisfaction of customer needs plays a vital role in purchasing decision-making, where the buyers of KARŪNA chocolate products prove to be loyal to this brand due to the qualities researched in this article.

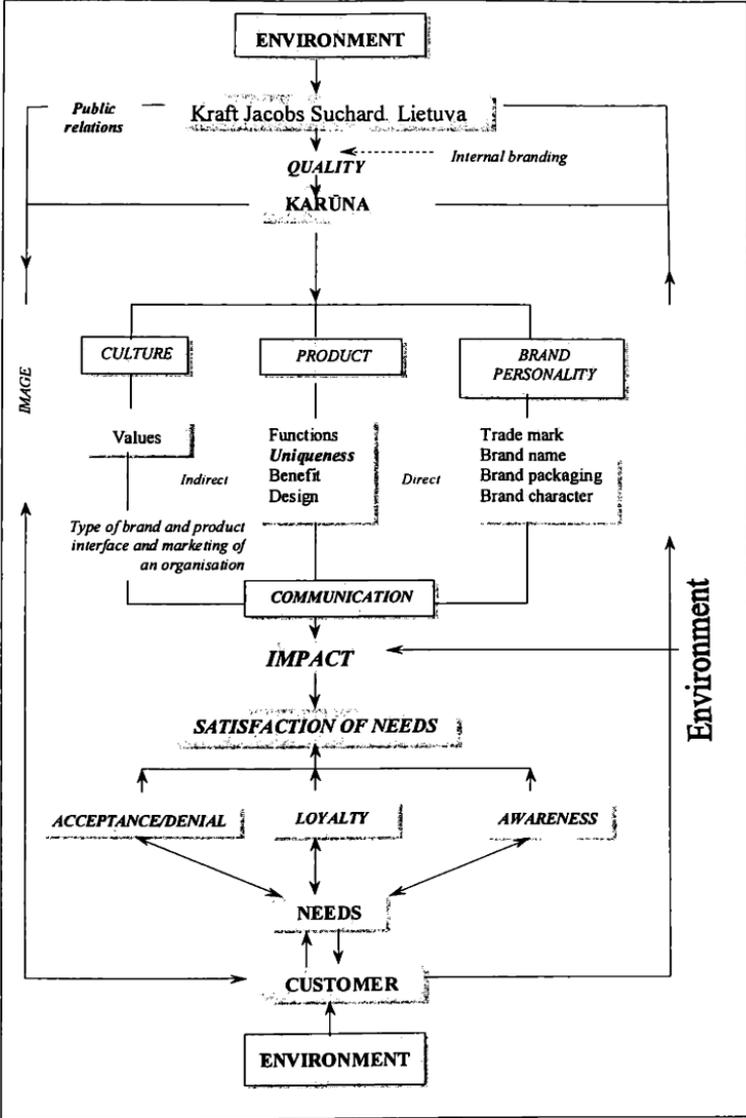


Figure 9. Hypothetical Model of Customers and KARŪNA Brand Interface

Conclusions and Proposals

On the theoretical level:

1. The evolution of brand can be conditionally phased into 6 stages with the identification of some specific developments and priorities in the brand concept.
2. In this paper brand was defined as follows: *brand is a rational combination of physical, emotional, aesthetic and functional elements, closely interrelated and targeting customers' needs, and which identifies the enterprise's good in the market and creates additional financial value for the enterprise.*
3. With respect to the broad investigation of brand functions, a hypothetical brand functions model is proposed.
4. The proposed brand classification envisages the following criteria, according to which brands (national and international) could be grouped: product nature, product group, profitability criterion, geographic coverage, and activity nature.
5. A hypothetical model of the interface between the brand name KARŪNA and customer is offered, where the main idea is to demonstrate brand identity communicating

with the environment, and striving to remain competitive in the market.

On the practical (empirical) level:

1. According to the results of the empirical study (pilot survey and observation), it can be concluded that most customers buy KARŪNA chocolate products (90 % of respondents). This product assortment is well known amongst respondents, who usually positively associate with this chocolate brand.
2. The observation in Kaunas supermarkets has shown that chocolate packaging is one of the elements to attract buyers' attention as well as the positioning of chocolate bars on supermarket shelves. Despite a higher than average price for KARŪNA brand chocolates, customers are prepared to choose them and pay for them for their taste (texture) and quality.
3. KARŪNA brand personality is most noticeable through its trademark and brand name.
4. According to the theoretical customer and brand interface model, it can be concluded that KARŪNA brand has established customer loyalty in Kaunas.

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PREKĖS ŽENKLAS: RAIDA, ŠIANDIENOS INTERPRETACIJA IR EMPIRINIS TYRIMAS

Dainora Grundey

Santrauka

Straipsnyje nagrinėjamas hipotetinis prekės ženklo sampratos kitimas; jis sąlyginai suskirstomas į kelis etapus pagal kiekvieno prioritetus. Paskutiniame etape Kapferer (1997) ir Chernatony (1999) sujungdami ankstesniais etapais nagrinėtas prekės tapatybės dalis suformulavo, kad prekės ženklo pagrindas yra prekės ženklo tapatybė.

Remiantis nagrinėtų autorių teiginiais apie prekės ženklą, straipsnyje siūloma prekės ženklą traktuoti taip: „prekės ženklas yra racionalus fizinis, emocinis, estetiški ir funkcinių elementų rinkinys. Šie elementai yra

glaudžiai susiję ir tenkina vartotojų poreikius, išskiria įmonės produktą iš kitų produktų ir sukuria papildomą finansinį turtą įmonei. Identifikavimas susideda iš produktui priskiriamų vertybių ir savybių plėtojimo ir palaikymo, siekiant jį padaryti savąja, išsiskiriantį, tinkamą ir patrauklų vartotojams“.

Iš duomenų, gautų atlikus vartotojų nuomonės ir stebėjimo tyrimą, galima spręsti, kad dauguma vartotojų perka, „Karūnos“ prekės ženklo šokolado gaminius (90 %). Šis prekės ženklas gerai žinomas vartoto-

jams ir su juo siejamos teigiamos asociacijos. Stebėjimo tyrimas parodė, kad vartotojo dėmesį mėginama atkreipti ryškia pakuote ir tvarkinga grupine šokoladų išdėliojimo tvarka. Nors gaminių kainos aukštesnės nei konkurentų, vartotojas renkasi kokybę ir gerą skonį. „Karūnos“ prekės ženklo gaminių kokybę rodo prekės ženklo ir vardo pagalba.

Pritaikius hipotetinį vartotojų ir prekės ženklo santykių modelį vartotojų ir „Karūnos“ prekės ženklo santykiams tirti galima suformuluoti pagrindinę tyrimo išvadą, kad „Karūnos“ prekės ženklas yra pasiekęs vartotojų lojalumo „Karūnos“ prekės ženklo šokoladui lygį Kauno mieste.