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DIPLOMA THESIS

BRAND EQUITY AND BRAND PERCEPTION

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Declaration

Hereby I declare that I wrote the Diploma Thesis on the subject "Brand equity and brand perception" individually and I used the sources listed in the Bibliography.

Prague, 7th April 2008 ....

Karin Steinzová

BRAND EQUITY AND BRAND PERCEPTION

HODNOTA A VNÍMÁNÍ ZNAČKY

Summary

<u>Brand equity and brand perception</u>

This diploma thesis deals with the subject of brand equity and brand perception of the given company STROJIRNA-TABOR s.r.o., operating on the agricultural machinery, technological device and construction markets; from a marketing point of view it operates on a "Business to Business" market (B2B). The theoretical part of the thesis presents basic knowledge of brand management, focused on the explanation of brand concept, brand equity and its valuation methods. In the practical part, the gained knowledge is applied into the research of the chosen brand equity. The brand equity of STROJIRNA-TABOR is examined from two perspectives, the marketing perspective, dealing with brand strength and brand perception and the financial perspective, dealing with the financial value of the brand. In the last part of the thesis, on the basis of the results, recommendations are suggested for the future development of the brand.

Key words

Brand, brand equity, brand strength, financial value, intangible asset, brand perception, brand strategy, B2B market, customer, competitor

Souhrn

Hodnota a vnímání značky

Tato diplomová práce se zabývá hodnotou a vnímáním značky vybrané společnosti STROJÍRNA-TÁBOR s.r.o. působící na trhu zemědělských strojů, technologických zařízení a konstrukcí z marketingové perspektivy na „Business to Business" trhu (B2B). V teoretické části jsou zpracovány základní poznatky z oblasti brand managementu zaměřené na pochopení celkového konceptu značky spolu s hodnotou značky a metod jejího ohodnocení. Získané znalosti jsou poté aplikovány v praktické části zaměřené na výzkum hodnoty zvolené značky. Hodnota značky STROJÍRNA-TÁBOR je zkoumána ze dvou základních pohledů, a sice z marketingového pohledu zabývajícího se silou a vnímáním značky a z finančního pohledu snažícího se přiřadit značce finanční hodnotu. Na základě výsledků výzkumu jsou následně navrhnuta doporučení pro budoucí vývoj značky.

Klíčová slova

Značka, hodnota značky, síla značky, finanční hodnota, nehmotné aktivum, vnímání značky, strategie značky, B2B trh, zákazník, konkurent

Content

List of charts, tables, figures and supplements

1. INTRODUCTION

Since the 1980s brand management has become an important part of everyday business. People now trust in particular brands, developing strong loyalties in their buying habits and believing in their brand's superiority. A brand may often represent a promise of quality of service or goods. Nowadays brands are to be seen everywhere, not only on the consumer market (B2C - business to consumer) but also on the industrial market (B2B - business to business), where the risk of dealing with unknown companies is becoming more and more of a concern. Brand management on the B2B market has had slower development with different characteristics, but brand significance on this market has been gaining on the B2C market recently.

Despite the existence of some brands for over a century, not until the last twenty years has 'brand', as an intangible asset begun to be evaluated and bought, the same as other tangible assets of a company. Brand valuation, attempts to impute part of the total company's value to brand equity. However the issue of brand valuation meets with a lot of difficulties. Diversity of brand identities, variety of brand valuation methods providing different results and the disunity of accounting principles lead to disagreements as to whether a brand should be recorded on the balance sheet. Therefore brand valuation is not an exact science and the valuation methods are still in the process of development. Moreover financial and marketing areas argue over the explanation of the term 'brand equity'. Thus brand equity is usually considered from both sides; brand value, from a financial point of view and brand strength, from a marketing point of view. Both aspects are measurable and together create brand equity.

This diploma thesis will study a brand operating on a B2B market. Its brand equity will be examined from a marketing as well as financial point of view. The structure of the paper is divided into six main chapters. The first chapter provides a brief introduction of the topic. The second chapter formulates goals of the thesis and it specifies the procedure of brand equity valuation, with its methodological tools to be used, for a

chosen brand. The third chapter outlines a literature overview, presenting a theoretical background of the topic. The fourth chapter introduces the chosen brand and the market it operates on. The fifth chapter deals with marketing and financial valuation methods, which are found to be the most suitable ones for the research. On the basis of the results, chapter six proposes recommendations which would lead to the strengthening of the brand. The final chapter summarizes the overall research and its importance. In addition, the thesis is concluded with bibliography and appendices.

2. OBJECTIVES AND METHODOLOGY

2.1. Objectives

The major objective of this thesis is to find out what is the brand equity of the chosen company, STROJIRNA-TABOR s.r.o., in terms of marketing and financial perspective and on the basis of these results, make recommendations for brand enhancement.

This paper proposes to explain the concept of a brand, brand equity and the importance of a brand within a business strategy, on a B2C (business to consumer) market as well as on a B2B (business to business) market. Furthermore, the diploma thesis aspires to outline how to evaluate brand equity in terms of brand perception, brand strength and financial value of a brand.

The aim of the research is to implement the evaluation procedure on the chosen company's brand, operating on the B2B market and then decide on the future strategic direction of the brand. It should be emphasized that the research is focused on such a brand identity that refers to the whole company.

2.2. Methodology

The data of the chosen company and its business environment will be gathered through a structured interview with the CEO - a shareholder of the company (see supplement No. 1). Information about the company's history and its portfolio will be gathered from the company's web pages. Information collected from the structured interview will give the necessary data to begin the research into describing the brand identity with regards to the company and its characteristics, the market which the firm operates in, its customers, competitors and suppliers. This will be complemented by general knowledge about the market.

The brand equity is determined in two ways, marketing evaluation and financial evaluation.

2.2.1. Marketing evaluation

This *qualitative evaluation* will use a **Brand Equity System** by David Aaker (see chapter 3.5.1.1.) using external and internal questionnaires aimed at the company's customers, employees and the shareholder (see Supplements No. 4, 5, 6). This will compare the shareholder's expectations and opinions of the company's brand with the statements and opinions presented by the customers and employees. The sample of customers, current and previous from the major agricultural technology market, will consist of fifty respondents and the sample of stable employees will consist of sixteen respondents.

The questionnaires will be constructed in compliance with the Brand Equity System, adapted for STROJIRNA-TABOR. This research will concentrate on the first eight parts of Aaker's system, avoiding the last two parts because it is concerned with market behaviour. This is a different evaluation approach than the questionnaire technique and it doesn't really consider the brand identity as the whole company. Instead of market behaviour the research will concentrates on the proper financial approach.

Hence the marketing research focuses on measuring four major brand assets (see chapter 3.3.): Brand Loyalty, Perceived Quality by Customers, Set of Associations and Brand Awareness. Each dimension contains several topics relating to the particular asset and together they create the Brand Equity System.

A measure of brand loyalty	1. Customer's satisfaction / loyalty
	2. Price advantage
A measure of perceived quality / leading position	3. Perceived quality
	4. Leading position / Popularity
A measure of associations / differentiation	5. Perceived value
	6. Brand personality
	7. Associations connected with an organization
A measure of brand awareness	8. Brand awareness / cognition

Table 2.2.: An extract from Brand Equity Ten System (Aaker, 2003, pp 62)

In the case of STROJIRNA-TABOR, Brand personality is not discussed, therefore this subject is not used within 'A measure of associations / differentiation'.

The statements and questions in the questionnaires are structured into four major categories according to the brand assets. Each category contains several questions. The questionnaires aimed at customers and employees differ slightly, but the overall content remains the same, focused on the four major parts of brand equity. The employees' questionnaire is broader because it is focused on the employees themselves and the customers also. A similar questionnaire is aimed at the shareholder.

Most of the statements and questions are evaluated on the <u>scale of 0 to 10</u> where:

- ➢ 0 = the worst / the least / absolutely not / absolutely negative view of the company
- ➢ 10 = the best / the most / absolutely yes / absolutely positive view of the company
- ➢ 0 → 4 = abating negative feelings
- ➢ The medial rate 5 = rather neutral attitude towards the company / on average / do not know / the same as the direct competitors of the company
- ➢ 6 → 10 = increase in positive feelings

Respondents can use whole numbers from 0 to 10. Some questions or statements must be answered also verbally. In any one question more than one answer can be given, the order of these answers is not important, just the final tally of the same stated opinions of all respondents. More detailed descriptions complete an understanding of the overall **brand perception**.

After gathering the data, a statistical method called 'arithmetic mean', supported by 'standard deviation' and 'mode' (see Supplement No. 2), will be used to get the average value for each set of questions, in customers' and then in employees' questionnaires. Eventually, from the average values of particular questions, belonging to the certain category of brand asset, the arithmetic mean of each category will be calculated and

rounded off to the one decimal number. The average result of each category will be classified on a scale of brand strength, to determine what the *power of the company's brand* is from each asset category.

The scale of brand strength*:*
- Value from 8.5 to 10 - very strong brand
- Value from 7 to 8.4 - strong brand
- Value from 5.5 to 6.9 - relatively (rather) strong brand
- Value from 4.5 to 5.4 - boundary-line between strong and weak brand
- Value from 3 to 4.4 - relatively (rather) weak brand
- Value from 1.5 to 2.9 - weak brand
- Value from 0 to 1.4 - very weak brand

In general, the qualitative evaluation will outline brand perception and evaluate the power of the company's brand, according to the overall scale of brand strength from each group and category. From the results it should be clear what parts of brand equity are strong and what parts need to be strengthened.

2.2.2. Financial evaluation

On the other hand, this *quantitative evaluation* of brand equity will try to put a *financial value* on the company's brand, by applying one of the financial methods (see chapter 3.5.2.). The method is chosen on the basis of the company's brand identity, meaning that the method must be focused on the brand as an organisation. It is chosen on the basis of the company's business characteristics. Therefore it is recommended to use **organization-based evaluation using the Price/Earnings approach,** which provides only an approximate range of values for the company's brand. It focuses on an estimation of intangible assets' value. The approximate company's brand value is then derived from the firm's intangible assets' structure. For this type of evaluation it is necessary to have access to the financial statements of the enterprise, namely Income

Statements and Balance Sheets, and find out the average Price/Earnings ratio for the industry which the firm operates in.

The calculation will contain four major steps, which will be conducted according to the computational formulas of the given method:

1. Calculation of a Value of a company
2. Calculation of Net Asset Value
3. Calculation of Intangible assets
4. Deriving the value of Company's brand from Intangible assets

The result will give a range of values for the current company's brand. Because of the instability of the variables required for the calculation, a <u>sensitivity analysis</u> will have to be undertaken. This will show possible changes in the range of values.

2.3. Conclusion

Firstly, from Aril 2008 to October 2008 research will be carried out into the theory of brand and brand equity related to brand management. Subsequently, the research will be undertaken from October 2008 to January 2009. Once the required data is gathered processing of the results shall take place, and finally conclusions will be drawn including recommendations for future brand performance.

3. LITERATURE OVERVIEW

3.1. Brand definition

One of the first definitions of brand, as stated in The Oxford American Dictionary, dating back to 1980 is "Brand is a trade mark, goods of a particular make, a mark of identification made with a hot iron, the iron used for a piece of burning of charred wood." (Clifton and Simmons, 2003, pp 13)

In comparison to the previous definition there is more modern one, saying that "a brand is a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. A brand thus signals to the customer the source of the product and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical." (Aaker, 1991, pp 7)

3.1.1. Spectrum of brand interpretations by Chernatony

In general we understand brands as complex entities, conceived in company plans with the results ultimately residing in the consumer's mind. There exists a variety of ways how brands can be interpreted. Chernatony provides a clear division of brand interpretations into three categories:

➢ *Input perspective*

This can be seen as stressing branding as a particular way of managers directing resources to influence customers. This perspective contains name and logo, legal instrument, product or services, company, shorthand, risk reducer, positioning, personality, cluster of values, vision and identity.

> *Output perspective*

This could be explained as the consumer's interpretation and consideration of the way brands enable consumers to achieve more. It concerns image and relationship marketing.

> *Time perspective*

This can be understood as recognising their evolutionary nature, evolving to meet changing environmental situations. It mainly focuses on evolving entity.
(Chernatony, 2006)

The most common brand interpretation is the Input perspective with its four fundamental brand identities, where the brand recognition becomes immediate across culture and customs. These identities are presented by most of the authors of marketing research:

3.1.1.1. Brand as a name, logo (Trademark)

The most specific brand perspective focuses on legally protectable visual and verbal elements. *A brand name* is used to identify a company, product or service, in a spelled and spoken way and which may or may not be registered as *a trademark*. Companies protect their brand names against misuse, imitation and other forms of copying, through the use of trademarks. A name is the main brand element, but logo design also plays an essential role in brand building; it is the entry view to the brand. *A logo* is a recognisable and distinctive graphic design, stylized name, unique symbol or other device which identifies an organisation. Generally easy to remember symbols, speed recognition and favourably influences the brand selection decision. Design differentiates and induces visual emotion and imagination. Firstly in visual perception, the brain acknowledges and remembers shapes, then colour and lastly content. (Wheeler, 2003; Chernatony, 2006)

3.1.1.2. Brand as a product/service (Branded product)

From this perspective a brand name and logo is extended by intellectual property rights, product design rights, packaging, and copyrights in associated colours, smells, sounds and advertising. Branded products usually have strong associations with product attributes, product range, quality, use, target users and country of origin which can enhance customer's enjoyment. In turn this leads to the enhancement of brand value and brand identity. (Haigh and Knowles, 2004; Aaker, 2003)

3.1.1.3. Brand as an organization (Branded business)

It is very often that a brand becomes synonymous with the name of a company and its reputation. This is the broadest brand identity. All those characteristics stated in the above definitions are combined with a firm's culture, human capital, processes, and now also protection of the environment, social responsibility and continuous innovation. Branded business and branded products are often blended together. However the attributes of the organisation have stronger characteristics and they resist competition better. For the competitor it is more difficult to imitate the whole range of products covered by an organisation's standards. The most common associations connected with an organisation are: perceived quality by customers, interest in customers, market position and success, innovation, society orientation and local or global dimension. (Haigh and Knowles 2004; Aaker, 2003)

In this case, the importance of *corporate brand* which differs from classic line branding, is also emphasised. "It enables coherent relationships among stakeholders to be built up; it signals expectations to staff about desired forms of behaviour through a set of values that bond an organisation together about which we can say that internally brand management is becoming culture management. Corporate brands stand for something that is unique to each corporation."(Chernatony, 2006, pp 31)

3.1.1.4. Brand as a person (Branded personality)

Brand as a person, is more interesting than the previous perspectives. A brand can be perceived to have certain personality traits: modernity, competence, impressiveness, credibility, entertainment, activity, youth, intellect, informality and sense of humour. These can create a perfectly friendly relationship between a customer and a brand. The brand gives to the customer a space for self-expression; through a brand a customer can say something about his or her personality too. Moreover brand personality can communicate attributes of a product and create functional enjoyment connected with their purchase (e.g. a concert ticket of famous singer). (Aaker, 2003)

3.1.2. Brand Attributes Overview

The best brand identities are characterised by certain ideals, regardless of the size of a company or the nature of a business. These ideals are essential for the responsible creative process no matter what case of brand identity is to proceed: launching an entrepreneurial venture, creating a new product or service, repositioning a brand, working on a merger, creating a retail presence or just strengthening a brand position. Certain qualities of brand identity are the indicators that make brands great. All these qualities need to be relevant. They are most effective when they help advance the company's brand. (Wheeler, 2003; Clifton and Simmons, 2003)

The essential attributes of the brand identities are defined in the following table 3.1.3.

ATTRIBUTE	DESCRIPTION
Vision	"A compelling vision by an effective, articulate, and passionate leader is the foundation and the inspiration for the best brands. In other words great leaders know how to articulate their vision clearly and how to translate new ideas, enterprises, products or services into tangible expressions and make the vision real." (Wheeler, 2003, pp 18)
Meaning	The best brands stand for something – a big idea, a strategic position, a defined set of values, a voice that stands apart. Meaning is conveyed through a symbol, a word, or an action. But it needs to be explained, communicated and nurtured; meaning evolves over time.

Authenticity	Brand identity must be an authentic expression of an organization having clarity about its market, positioning, value proposition, and competitive difference. Companies must know themselves; core and targeted messages, look, feel and logo.
Differentiation	Brands always compete with each other within their business category which means they have to differ somehow, starting with the creation of a brand mark.
Flexibility	Flexibility of a company's system, influencing a brand, regards the internal as well as external design; from fresh and relevant marketing communication and strategies to employees departments and factual work.
Sustainability	"It is the ability to have longevity in an environment in constant flux, characterized by future unpredictable permutations. Brand credibility is communicated in part by a trade mark that does not fluctuate with the economy or changing business trends." (Wheeler, 2003, pp 26)
Commitment	Organisations need to actively manage their assets, including the brand assets and their marketing tools. They have to keep moving with ongoing management and monitor the standards which built the brand. It enhances trust.
Coherence	Coherence refers to building brand equity through repetition, persistence, and frequency to create the familiar and pleasant feeling with a brand for a customer. Coherence ensures that all the pieces hold together naturally.
Value	Creating value is usually a company's goal. Building brand awareness, increasing recognition, communicating uniqueness and quality, and expressing a competitive difference create measurable results which command a premium.

Table 3.1.3.: Characteristic of brand identities (Wheeler, 2003)

3.2. Brand management and new trend of co-branding

3.2.1. Brand Management

Brand management is part of a marketing discipline dealing with brand issues. It is a comprehensive strategic system of analytical, planning, budgetary and realisation activities. This science dates back as far as 1860, during a period of strong wholesales in the USA. In this period brands such as Coca-Cola, Heineken, Avon, Lipton, Gillette and Heinz were established. The brand management standards stabilised in the 1950s and in the 1990s it was clear that a brand had become an asset, like any other and influenced the whole value of a company. (Kotler and Keller, 2007)

It has to be understood that nowadays successful brand management is a **complex task**. From a marketing point of view, the task of a brand is more than just identification and differentiation, it should invoke awareness about the whole image of a product or firm,

value added. Brand management tries to: *support and protect existing brands, develop new ones, place them on the market, sustain the value added and create communication brand strategies*.

The whole concept of brand building strategies contains elements such as intensifying brand influence upon customers, expansion of a brand to other product/service portfolios or globally to other countries, regulation of cost and competition, responsibility in terms of quality or environmental issues and continuous innovation. We shouldn't forget to treat the brand as an investment, not a cost and also honour our stakeholders and employees, creating an image of the whole company. (Clifton and Simons, 2003; Hesková, 2007)

For brand management it is very important to distinguish the type of a market where a brand is situated. There exist two basic types of the market, **B2C** (**Business to Consumers**) and **B2B** (**Business to Business**) markets. In B2C a brand is aimed at consumers, therefore it deals with *consumer behaviour*, while in B2B a brand is targeted at other companies, thus taking into account *customer behaviour*. They also differ in the number of consumers/customers and ability of global branding. Therefore brand strategies in these markets differ as well. In B2C it is the consumer who makes a purchase decision whereas in B2B the purchase is based on the decision process of the whole management or CEO (Chief Executive Officer) of a company. Brands are generally more dominant in B2C; they influence consumer's needs and desires more effectively. Generally, brand names provide a guarantee to customers in both markets; they both contribute to the creation of brand equity. (Kotler and Pfoertsch, 2006)

3.2.2. Brand management in B2B

Brand management in B2B market is a relatively new discipline. It has been developed from industrial marketing and it represents a new trend of relationships among suppliers and customers. Suppliers try to enhance the popularity of their firms on the market by using brands. Quality, flexibility, business relationships and risk play an important role on the B2B market. These are the main factors influencing customers' decisions.

Basically, this market is more complex. *Four basic brand strategies* are used on B2B market. The first strategy focuses on **corporate brands**; using a brand for a whole product or service range to create a global integrated image of a company. The second strategy is focused on dividing products or services into categories and **using a brand in each category separately**.

The third strategy is based on using **a brand for the main product** or service where a producer sells a number of main products or services and each of them is placed in a market under specific brands. The last strategy is based on **a combination of a company's brand name and branded products**. This strategy is used when it is important to indicate a company, as well as to describe a product or a service. The choice of the strategy depends on preferences of managers, companies' attitude towards creation of an image and market characteristic. (Příbová and Tesar, 2003)

3.2.2. Co-Branding

Co-branding, in other words *brand bundling*, is a new and popular trend of firms cooperating together for mutual benefit, which has appeared recently in brand management. It combines products or services of one firm with product or services of another or more firms. Two or more brands are joined together and they are sold together. These joint brands have to have their own brand identity and positive image. There has to be a logical connection between them to create marketing activity. The main advantages are seen in opening new possibilities by gaining new customers and distribution channels, borrowing new skills and creating enhanced value. On the other hand, the main disadvantage is the possible loss of positioning control of a company's own brand when it is strongly connected to another, the same as own brand value. This type of co-branding is called *retail co-branding*. Co-branding can have other forms including *joint-venture co-branding* (the combination of various branded products within a company's portfolio), *multiple-sponsor co-branding* (sponsoring purposely chosen brands), *or ingredient co-branding* (the combination of several brands within one product, e.g. branded shoes containing Gore-Tex material). (Keller, 2007)

3.3. Brand equity

For brand comprehension it is essential to be familiar with the term *brand equity*. Brand equity is a key concept of brand evaluation.

"In the twenty-first century, branding will be the only unique differentiator between companies. Brand equity is now a key asset." (Clifton and Simmons, 2003, pp. 18)

"Brand equity is defined as a set of brand assets and liabilities of a brand, its name and symbol that add to, or subtract from the value provided by a product or service to a firm and/or to that firm's customer. For asset or liabilities to underline brand equity they must be linked to the name and/or symbol of the brand." (Aaker, 1991, pp. 15)

These assets and liabilities are divided into 5 categories: Brand Loyalty, Name Awareness, Perceived Quality, Brand Associations, and Other Proprietary Brand Assets. (Aaker, 1991)
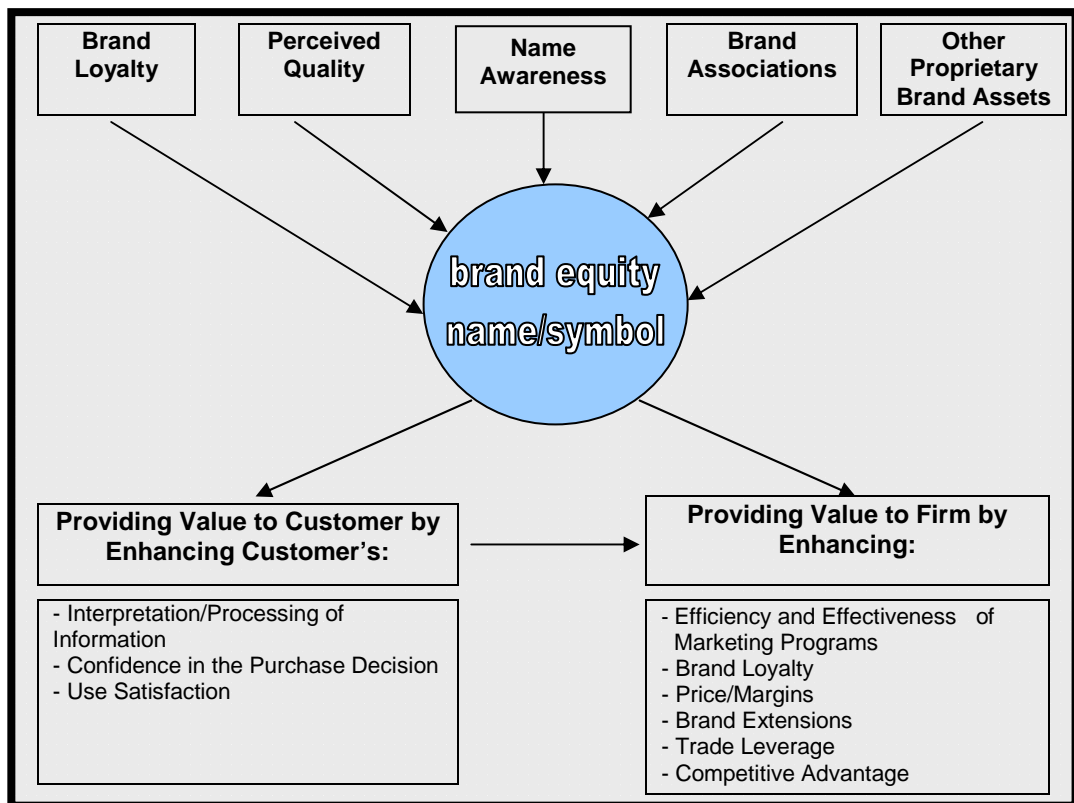
Figure 3.3.: Figure of Brand Equity (Aaker, 1991, pp 17)

This figure shows that brand equity creates value for both the customer and the firm.

From the customer's point of view brand equity assets provide information about product (firm) and brand. They have mainly an identification purpose which simplifies the purchasing decision, they allow the customer to purchase with confidence and provide a variety of choices. In other words they lower the risk within the buying process for customers. The risk comes in the form of risk utility, physical risk endangering health, financial risk when the product doesn't have the value of the paid price, time risk when the product can fail and social risk or psychological risk when the product can influences one's state of mind. They can also enhance a consumer's satisfaction with the user experience. The main importance of brand equity for customers is embodies in the possibility to change their perception and experience with a product (firm); especially brands with a strong equity, anchor themselves deeply in the hearts and minds of customers. (Aaker, 1991; Keller, 2007)

From the firm's point of view, according to the above figure, brand equity is supposed to enhance programs to attract new customers or recapture old ones with the help of promotion. Secondly, it can enhance brand loyalty which is important at the point of purchase, to respond when competitors innovate and obtain product advantages. Thirdly, it can allow higher margins, by permitting premium pricing and reduce marketing promotion costs. However, some customers can also feel used by over-priced brands. Each customer can perceive this differently. Fourthly, brand equity can provide a platform for growth through brand extension. It is easier to enter to new market areas with well known brand names. Fifthly, it can provide leverage in the distribution channel. A strong brand gains primary shelf placement and cooperation in implementing marketing programs. Lastly, brand equity assets provide a competitive advantage which creates barriers for competitors. (Aaker, 1991)

If we want to create brand equity that provides all these values to both customers and the firm, we have to invest in the creation of brand equity assets over time.

3.3.1. Loyalty

Generally, gaining new customers is expensive for any kind of business. It is easier and less expensive keeping existing, satisfied customers. Competitors won't tend to spend revenue on winning over other company's already loyal customers. The higher the loyalty the grater the trade leverage, on condition that customers expect the brand to be always available. Brand loyalty is a key aspect for measuring the amount of purchases or sales. We can enhance brand loyalty partly by maintaining a fair relationship with the customer. A company needs to satisfy the customer as much as possible, treat them fairly. Brand loyalty can also be enhanced by offers for regular customers, customer clubs or database marketing which focuses on a narrow segment of customers who are informed about news, special offers or provide extras for them. The difference between *customer satisfaction* and *customer loyalty* is that satisfaction can be just once-off, whereas loyalty is expressed by repeated, long-term business, due to the customer's general satisfaction with the business relationship. (Aaker, 1991; Haigh, 2002)

The following three categories represent customer perception and reactions to the brand.

3.3.2. Awareness of the Brand Name and Logo

Brand awareness or in other words, a familiar brand, will always have an advantage over unknown brands, as a recognised brand will usually be selected over an unknown one. Customers are comfortable with familiar brands which maintain a reasonably reliable quality. Brand awareness may be achieved through the use of a number of methods including Logo creation, advertising, direct marketing, publicity, event sponsorship, a slogan or jingle, using advertising cues and others. Logo (symbol) and name are the key differentiating characteristics of a brand because some products/service's attributes provided by various companies differ only slightly from each other, thus usually an original name and logo are more memorable and stick out in customers' awareness. The name and logo usually create the strongest associations;

therefore we should be careful with choosing the right name and also careful with changes.

Name is the most specific characteristic; it is the basis of a brand concept. *Logo* should be clear (readable also in black and white and in a small size), memorable, unique and corresponding to the business purpose. *Slogan*, in other words a motto or a phrase expressing the aims or nature of an organisation, is valuable when it is created in memorable, interesting, specific, funny and catchy ways and linked to the brand.

Brand name and symbol can be recognised, recalled or perceived as dominant. Dominance occurs when a customer is able to indicate only one brand within a particular market. However at the same time this can be dangerous, as people sometimes come to associate that brand name with the name of the actual product (e.g. Aspirin, Windsurfer, and Walkman). (Aaker, 1991)

3.3.3. Perceived Quality by Customers

The definition of perceived quality by customers differs in different types of industries. Perceived quality is the main impulse for business, because it creates a firm's value. If the statement about good quality products is not substantiated we cannot influence perceived quality. Understanding what quality means for the target customers is the first step in creating high perceived quality. The second step is figuring out how to advertise this quality to these target customers. Mostly the perceived quality is influenced by previous experience of certain purchase. Perceived quality provides good positioning and differentiation from other products and it allows the producer to charge a premium price and also allows for brand extension.

We have to differ between perceived quality in products and perceived quality in services. **Product quality** is usually perceived through *performance,* involving primary operating characteristics, a manufacturing-oriented view of quality and the secondary elements which try to reduce the percentage of defects. Another quality element is *reliability,* considering the consistency of performance from purchases. Then it is *durability,* reflecting economic life of the product and *serviceability,* reflecting the

25

ability to service the product. And finally *fit and finish* referring to the appearance or feel of quality. Sometimes price can also be a quality cue, for someone a high price might mean high quality.

Service quality is focused on *competence* of the service, referring to the performance dimension in product quality, and the *tangibles* dimension is similar to fit and finish in product quality. *Reliability* depends on a specific service person, customer or day involved, but successful services rely upon a standardised facility and operating system. The other dimensions relate to the personal interface between the service firm and the customer: *responsiveness, empathy, credibility, trustworthiness and courtesy.*
(Aaker, 1991)

3.3.4. A set of Association

A brand is often highlighted by specific associations linked to it in a customer's memory. They can be connected with a symbol, name, and use of context or personality. If associations are organised in some meaningful way, it is indicated as an image of a brand. These associations connected with image, reflect brand perception which may create positive attitudes or feelings for the brand. They also support brand extension and reason to buy. Associations to a brand can vary between product attributes, customer, competitor, use, relative price, country or geographic area, person, personality and organisation. There exists a range of ways to select, maintain and create associations with a brand. A set of associations is a good tool for influencing positioning and thereby also competition which would be weakened by strong associations. They may also be useful in providing information for brand planning – on a basis of strongest associations can be created an advertising program. (Aaker, 1991; Haigh, 2002)

3.3.5. Other Proprietary Brand Assets

This category is represented by *patents, trademarks, and channel relationship*. They define and protect a brand in several ways. **Trademark** protects brand equity from

competitors who would use the same or similar name, logo, slogan, package or URL. In the Czech Republic the Intellectual and Industrial Property Office (Úřad průmyslového vlastnictví) deals with legal brand protection and registration. After a brand is registered in this Office, it is listed in the database of trademarks and has the right to use the symbol ® for 10 years after such time it has to be reregistered.

Another form of protection is a **patent**; the legitimate protection of inventions, preventing competitors from copying the technical specifications or special production process. We consider patents that would directly influence a customer's choice. A patent is valid for a period of 20 years, on condition of paying an annual maintenance fee. The owner of a patent has exclusive rights over it, and can grant the licence or sell the patent. Another asset is **distribution channel** which can be controlled on a basis of brand performance history. These brand assets are worth the most if they protect form disrupting customer's loyalty by competitors.
(Aaker, 1991; Hesková, 2007; Úřad průmyslového vlastnictví, 2009)

By evaluating these five assets of brand equity, namely *Brand Loyalty, Awareness of a Brand name and Logo, Perceived Quality, Brand Associations and Other Proprietary Brand Assets* (*if available*)*,* we can estimate the **power of a brand** or in other words **brand strength**. If all the assets are continuously developed, brand strength will grow, making the brand more competitive. Brand strength is expressed in terms of customer's preference in B2B and consumer's preference in B2C market. Moreover brand strength relates to the strength of brand knowledge and overall awareness, and strength of functional brand attributes. Significant power helps the brand to push itself to the forefront in customers' choice and positively influence customers' behaviour. (Walser, 2001)

In conclusion, in order for assets to be relevant, they must be tied to the brand to contribute to brand equity.

However there exists a belief that brand "equity" is a financial term rather than another synonym for perception, image, quality and essence of a brand. To get an accurate result of brand equity we need to use marketing measurements as well as financial ones. That is why it is going to be generally accepted that a brand is part of a balance sheet and it is considered as an intangible asset. (Haigh, 2002)

3.4. Brand as an intangible asset

In general tangible assets were accepted as the main source of business value up to now, considering the fact that the market was aware of intangibles but could not specify their values. Brands, technology, patents and employees were subsumed in the overall asset value. Nowadays in most companies the value is derived from intangibles, but today's businesses are still more focused on return of investment, assets and equity which excludes intangibles. It is known that in late 1980s, the recognition of the value of acquired brands on the balance sheet speeded recognition of internally generated brands as valuable financial assets of a company. Creators of accounting standards agreed that **acquired brands** should be always identified, evaluate and regarded as an asset of a company, while **internally generated brands** should not appear on the balance sheet. Presently, there exist some methods which try to evaluate internally generated brands, but without any definite statements from professionals. (Clifton and Simmons, 2003)

"The principal stipulations of accounting standards are that acquired goodwill needs to be capitalised on the balance sheet and amortised according to its useful life. However, intangibles assets such as brands that can claim infinite life do not have to be subjected to amortisation. Instead, companies need to perform annual impairment tests which mean revision of possible decreasing value to avoid overrating of intangible assets." (Clifton and Simmons, 2003, pp. 32)

The generally accepted vision of 'goodwill', is perceived as a complex of identifiable and separable assets relating to a company as a whole. Up to now goodwill has been perceived as just exceeded differences between the acquisition price of tangible asset

and its previous value. However accounting approaches to goodwill differ in each state, therefore in lots of countries the perception of goodwill still remains as it used to be. For instance, in Czech accounting the term goodwill wasn't used till the year 2003, instead the term 'depreciation reserves' was used. According to today's general approach to goodwill, it is believed that it is useful to identify four categories of intangible assets: (Haigh, 2002; Maříkova and Mařík, 2006)

1. *Knowledge intangibles* represented by human capital, patents, software, recipes, specific know-how, product research and development
2. *Business process intangibles* includes innovative business models, flexible manufacturing techniques, supply chain configurations
3. *Market position intangibles* represented by retail listing and contracts, distribution rights, licences such as landing slots, production or import quotas, government permits and authorisations, raw material sourcing contracts
4. *Brand and relationship intangibles* includes trademark, trade names and symbols, domain names, design rights, packaging, trade dress, copyrights over associated colours, smells, sounds, descriptors, logotypes, advertising visuals, written copy, additionally: associated goodwill (the general predisposition of individuals to do business with one brand rather than another brand)

The relative importance of these four categories varies by industry. For example for a pharmacy, the most important are the knowledge assets, for retailing the business process assets are key, for airlines the market position assets are most important and for consumer-packaged goods, media, luxury items or technology the brand assets are the top priority. However a brand could also be related to all four categories, thus we need to choose appropriate brand valuation methods. (Haigh, 2002)

3.4.1. Reasons for valuation

It is not usual that firms would invest in the process of brand valuation. A brand is mostly evaluated in certain particular situations, rather than evaluating for pure accounting evidence or taxation needs.

The following reasons for evaluation are mostly oriented towards brand as a trademark: (Haigh, 2002)

> ➢ Non-monetary investment to company's capital – increase of the capital by intangible asset.
> ➢ Sale of a company, bankrupt estate or liquidation.
> ➢ Establishment of new companies by consolidation, amalgamation, merger or transfer of assets to a partner.
> ➢ Knowledge of value of intangible assets as entry information for business dealings.
> ➢ Law suit in a case of collusion or unfair competition.
> ➢ Bank security loans, brand as a security element.

There are also recently stated, increasing reasons for evaluation of intangible assets in general:

> ➢ Internal marketing of a company.
> ➢ Redistributing of budget sources in marketing area.
> ➢ Revision of portfolio.

All these reasons for evaluation have mostly identification purpose of a company, its legal protection of intellectual property and signals of quality. This facilitates sale and serves as a source of competitive advantage. If we consider brand from the financial point of view we should focus on strategies which lead to increasing of brand share on the market and thereby increasing a company's value. Generally investment in the brand value pays off, even though it is very difficult to imply the relationship between economic output and intangible assets. (Haigh, 2002)

3.5. Brand valuation methods for estimation of brand equity

A number of brand valuation models have been developed, but none of them have definite conclusions yet; they are still in the process of development. We more or less talk about estimation rather than precise evaluation. Brand valuation is not an exact science. Moreover, each brand is individual and it is difficult to compare with another brand (firm) on the same basis. The system of brand valuation is based on research providing useful information about brands for marketing purposes. Brand is influenced by many factors in a business, therefore it is important to focus on its evaluation partly from a qualitative angle and partly from a financial angle. Hence, the most basic approach of brand valuation is divided into two categories:

> ➢ Marketing-based approaches of brand equity evaluations
> ➢ Financially driven approaches of brand equity evaluations

3.5.1. Marketing-based approaches

Marketing-based approaches are so-called research-based, soft or qualitative approaches which are focused on brand perception and estimation of power of a brand. There are numerous brand equity models using mainly customer/consumer research to identify the relative performance of brands. The core of each research is to evaluate four basic dimensions of brand equity, namely *brand loyalty, brand awareness, perceived quality and associations to a brand.* These dimensions survey: brand cognition, brand identity and uniqueness, familiarity, preference, expectations, satisfaction with a brand, loyal customers and many others. In short they measure customers' behaviour and attitudes to a brand, thus the purchase behaviour. Purchase behaviour will affect the financial value of the brand in question. However the research-based approaches do not put a financial value on brands, they only measure the overall brand perception and power. These researches do not provide a clear link between marketing indicators and the financial performance of a brand. (Clifton and Simmons, 2003)

"A brand can perform strongly according to marketing indicators but still fail to create financial and shareholder value." (Clifton and Simmons, 2003, pp 35)

However these marketing indicators are still crucial factors to understanding customer's behaviour, upon which the success of the brand depends.

3.5.1.1. Non-specific methods

These methods were constructed by authors of marketing theory. The chosen example is presented by David Aaker with his Brand Equity System, which is considered as the most commonly used qualitative, brand valuation system. (Clifton and Simmons, 2003)

Others to be mentioned are:

- Kapferer – Brand equity Model
- Keller – Brand equity Approach
- Sullivan and Simon – Capital Market-oriented Brand Valuation

BRAND EQUITY SYSTEM BY DAVID AAKER

In this flexible method Aaker established ten aspects of brand performance, falling into five dimensions of brand assets. He argues that each dimension represents a part of brand power. The dimensions and aspects are defined in the following table 3.5.1.1.

A measure of brand loyalty	1. Customer's satisfaction / loyalty
	2. Price advantage
A measure of perceived quality / leading position	3. Perceived quality
	4. Leading position / Popularity
A measure of associations / differentiation	5. Perceived value
	6. Brand personality
	7. Associations connected with an organization
A measure of brand awareness	8. Brand awareness / cognition
A measure of market behaviour	9. Market share
	10. Market price and distribution

Table 3.5.1.1.: Brand Equity Ten (Aaker, 2003, pp 62)

The first eight aspects are generally measured by means of questionnaires and the last two require research into market behaviour. Market behaviour is a special section which differs from the rest; it tries to put a financial value on a brand. With regard to the questionnaires, Aaker provides model questions to be used in the measuring of each category.

The overall model has to be conformed to each brand individually and should include information about the observed brand. Not every brand would be measured by all five dimensions equally with using the same provided questions. Therefore it is important to use this model carefully and avoid the aspects that are irrelevant for the observed brand. (Aaker, 2003)

1. Customer satisfaction / loyalty

Level of satisfaction is a direct measurement of customer's loyalty. Additionally, brand loyalty can be measured in terms of level of trust. Direct questions about brand loyalty allow dividing of the market into: loyal customers, customers who search for advantageous prices and those in between. Brand loyalty is especially important in services. (Haigh, 2002; Aaker, 2003)

2. Price advantage

The measurement of price advantage is defined with reference to direct competitors. Ideally the direct competitors should be specified. However this is also a disadvantage of this method because it doesn't generally consider the dynamics of a market in terms of new appearing competition threats on the market. Basically, if customers are loyal they should be willing to pay the additional price to a firm and not prefer competitive companies for their lower prices. (Aaker, 2003)

3. Perceived quality

This is an essential aspect of brand equity because it directly influences return on investment. Perceived quality can be applied to different segments. This method tries to determine the level of perceived quality, whether it belongs to the best quality,

acceptable quality or low quality. Certain perceived quality should be measured in terms of comparison with the perceived quality of competitive brands. (Aaker, 2003)

4. *Leading position / popularity*

This measurement serves as an additional facet of perceived quality because perceived quality can sometimes miss market dynamics, for example competitive innovations. This measurement has three dimensions. Firstly, it is connected with quality. Secondly, it can capture customers' preferences. People want to buy the same things that are currently popular on the market. Thirdly, it can capture innovation and technological development within certain categories of products. Leading position is the most important aspect in brand valuation by 'Interbrand', the global branding consultancy. The agency Young and Rubicam extended the category of *leading position* by another factor called *respect* focusing not only on quality. (Aaker, 2003)

5. *Perceived value*

The following measures of associations are used according to the three views on brand interpretation: as a product (perceived value), as a person (branded personality) and as an organization (associations connected with an organization). As for the *perceived value*, every brand should create an offer of its value, which contains customers as well as supplier's utility; otherwise it would be defenceless against competitors. This section measures whether a brand has a sufficient value for its price and whether a brand stands for chosen target criterions (characters). However the question is if perceived value creates a different concept than perceived quality. Perceived quality is usually taken in relation to competitors' perceived quality whereas perceived value refers only to the surveyed brand. Generally the quality is a more relevant measure than value. (Aaker, 2003; Haigh, 2002)

6. *Brand personality*

Some brands provide, through their personality, a connection with emotional enjoyment and self-realisation, but also provide a basis for a relationship with a customer. It mostly

refers to *brand as a person* and *brand as a product* in a commercial world where the brand can say something about its user. This measure is mainly important on a market with minimal differences in utility (e.g. Pepsi and Coca-cola) and marketing tools are used allot. Not all brands are based on personality. (Aaker, 2003)

7. *Associations connected with an organization*

The power of a brand is often connected with the whole company, rather than with the product itself. The disadvantage of these associations is usually connected with difficulties in changing the image of an organisation, rather than of a product. It measures how strong the associations are, the level of trust and admiration and whether a brand is perceived as being different from other brands. We can also measure associations by free associations which people have in their minds. (Aaker, 2003)

8. *Brand awareness*

This awareness is a basis for loyalty and sales; it is a measure of brand individuality. It measures an efficiency of marketing activity enhancing brand awareness. Brand cognition reflects an existence of a brand in customer's mind and enhances the impact of a brand on the market. Brand awareness can be measured in terms of identification (recognition), memory (recall), dominance and knowledge about a brand. The importance of brand name awareness is not enough, it should be known with its symbol too. So brand awareness of visual images is also relevant. However this fact could be considered more as an association. (Haigh, 2002; Aaker, 2003)

9. *Market share*

This measurement could be an indicator of satisfaction of customers with a brand. If the market share of a brand is decreasing it means that brand valuation by customers is decreasing. We have to differ between the amount and the value expression of market share. The difficulties are seen in specification of products and competition. Moreover a brand value reacts on short-term price strategies of competitors which should also be eliminated. (Haigh, 2002; Aaker, 2003)

10. Market price and distribution

Brand strengths can be measured by the volume of its distribution. This is more immune against short-term price strategies. In the case of product market price, the brand value is measured by a relative price, for which a brand is sold, divided by its amount of items purchased. Relative price is the average price of a brand per month divided by the average price of all brands on the market. This dimension could also be measured by the percentage of retailers selling a certain brand and the percentage of people having access to that brand. This measurement is quite difficult to apply on *brand as an organization*. (Haigh, 2002; Aaker, 2003)

This model tries to evaluate brand strength and it is based mostly on customers' brand perception. We have to decide about relevance of each dimension. Aaker points out that the basic dimensions (awareness, loyalty, quality, associations) should have equal attention. As for market behaviour, sometimes it is not included in the model because it could be difficult to apply to a brand. Aaker doesn't state any precise way of brand strength measurement; but he recommends using questionnaires based on the scale of 0 to 10 where 0 is the worst for the surveyed object and 10 is the best. Eventually this scale would contain several levels of brand strength resulting from the value scale logic and from the brand strengths division, but their boundaries remain less precisely specified (see Supplement No. 3). Through the use of the arithmetic average the strong aspects are then decided upon in each dimension and vice versa. (Aaker, 2003; Aaker, 1991)

3.5.1.2. Tracking methods

Tracking methods of brand valuation are specific rankings and they are usually conducted by advertising, auditing and research agencies. They are based on a chosen sample of consumers, or customers of a client and they serve to measure their brand perception. These case studies are usually made to measure for a client. (Clifton and Simmons, 2003)

a) Young &Rubicam – Brand Asset Valuator

b) Millward Brown – Brand Dynamics ^{TM}

c) Total Research – EquiTrend ^{TM}

d) Interbrand – World's Most Valuable Brands

a) <u>BRAND ASSET VALUATOR BY YOUNG & RUBICAM</u>

This agency uses the BAV – Brand Asset Valuator that serves to evaluate the current performance of a brand, identify the problems and evaluate the future brand potential; health of a brand and possible defence against competitors through suitable marketing mix. BAV is a matrix containing four basic categories:

1. Differentiation – perceived difference of a brand on the market

2. Relevance – suitability for consumers

3. Esteem – veneration of a brand for quality and popularity

4. Knowledge – understanding of a product/service/company/ is a peak of success

These elements are used to measure brand vitality and brand structure which are in a mutual relationship. The BAV identifies weak or strong brands and their positions within a brand life-cycle. (Haigh, 2002)
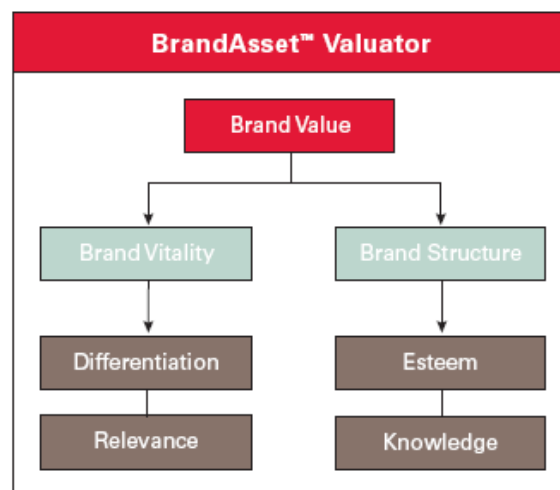
Figure 3.5.1.2.a): Brand Asset Valuator scheme (Laboy, 2005, pp 5)

BAV provides a diagnostic framework of building, influencing and sustaining of power of a brand.

b) BRAND DYNAMICS ™ BY MILLWARD BROWN

This system measures consumer's perception of brand equity; it sympathises with a brand which differs from other aspects, contributing to financial brand equity (e.g. distribution channels, level of productivity, trademarks, patents). It analysis the strong and weak points of a brand and the results lead to strategic decisions. Brand Dynamics uses two basic components. The first is the value for consumers, which measures the selling value of the brand for each respondent. The second is the brand pyramid that systematically identifies factors stimulating the brand value for consumers. Both components use a system of specific questions aimed at random users of a certain category.

The brand value taking into account the consumer is based on four components:

1. a predisposition of a consumer to a brand
2. a size of a brand
3. a sort of consumer
4. a relative price of a brand

By relation of all components the model predicts the probability of the purchase of a brand by each consumer. (Haigh, 2002)

The brand dynamics consists of five building blocks, representing categories from low customer loyalty to high customer loyalty. It explains why some customers are more valuable than others and it tries to move customer from lower to higher loyalty.
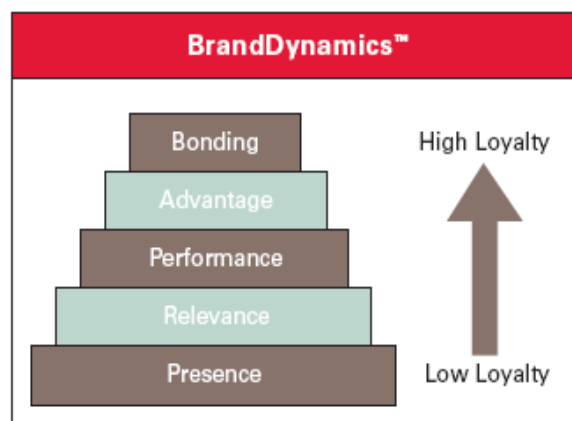
Figure 3.5.1.2.b): Brand Pyramid by Brand Dynamics (Laboy, 2005, pp 5)

Nowadays this model is used mainly for the purpose of merger or as a basis for a marketing budget.

c) <u>EQUITREND ^{TM} BY TOTAL RESEARCH</u>

 This model provides a contrast to the model by Young & Rubicam; it is more modest. Its model utilises twenty four scales, measuring brand individuality. They are based on a small series of simple but effective questions regarding three basic dimensions:

1. knowledge about a brand – it examines if respondents have deeper knowledge about a brand and their own attitudes to a brand rather then just an awareness
2. perceived quality – the most important factor, tries to divide quality in a range of unique to unacceptable quality
3. consumers' loyalty – it focuses on opinions of those consumers most frequently purchasing certain brand

These three aspects are discussed in more details considering age, gender and other information about consumers. This segmentation helps to brand owners to identify reasons why some people appreciate certain brands and why they don't like other brands. It also shows which approaches should be chosen to increase brand equity. (Aaker, 2003; Haigh, 2002; Laboy, 2005)

d) <u>WORLD'S MOST VALUABLE BRANDS BY INTERBRAND</u>

Interbrand uses quite a different approach. It takes the form of a multi-scoring model, combining marketing and financial approaches. Brand equity consists of marketing factors as well as financial value factors of a brand, oriented on the *Brand Earnings Approach*. It includes a set of factors regarding business tools, consumer behaviour and market environment.

Firstly the true economic profit of a company has to be determined, the so-called EVA - Economic Value Added, the formula invented by ©Stern Stewart & Co. (Abratt and Bick, 2003)

If EVA is positive, the value of the company has increased. If EVA is negative, a decrease in the value occurred. (Maříková and Mařík, 2005)

If the EVA is positive the profit brand earnings are determined by using brand index. This index is based on seven factors: (Abratt and Bick, 2003)

1. Market (10%) – whether the market is stable or growing and if it has strong barriers to entry
2. Stability (15%) – a brand that has been established for a long time that constantly commands customer loyalty
3. Leadership (25%) – a brand that leads the sector which it competes in
4. Trend (10%) – gives an indication where a brand is moving
5. Support (10%) – the support that a brand has received by marketing tools
6. Internationalisation/Geography (25%) – the strength of a brand in the international area
7. Protection (5%) – the ability of a company to protect a brand

All brands to be measured by this method have to fulfil following criteria:
- there must be substantial publicly available financial data
- the brand must have at least one-third of revenues outside of its country-of-origin
- the brand must be a market-facing brand
- the economic value added (EVA) must be positive
- the brand must not have a purely B2B (business to business) single audience with no wider public profile and awareness

(Interbrand, 2009,

source: http://www.interbrand.com/best_global_brands_methodology.aspx?langid=1000)

The following table 3.5.1.2.d) shows the first ten best global brands in 2008, evaluated by Interbrand and provides comparison with the year 2007:

2008 Rank	2007 Rank	Brand	Country of Origin	Sector	2008 Brand Value ($m)	Change in Brand Value
1.	1.	Coca-Cola	USA	Beverages	66,667	2%
2.	3.	IBM	USA	Computer Services	59,031	3%
3.	2.	Microsoft	USA	Computer Software	59,007	1%
4.	4.	GE	USA	Diversified	53,086	3%
5.	5.	NOKIA	Finland	Consumer Electronics	35,942	7%
6.	6.	TOYOTA	Japan	Automotive	34,05	6%
7.	7.	intel	USA	Computer Hardware	31,261	1%
8.	8.	M	USA	Restaurants	31,049	6%
9.	9.	Disney	USA	Media	29,251	0%
10.	20.	Google	USA	Internet Services	25,59	43%

Table 3.5.1.2.d): The first ten best global brands in 2008 by Interbrand

(Interbrand, 2009, source: http://www.interbrand.com/best_global_brands.aspx)

From the table 3.5.1.2.d) we can see that Coca-Cola retained its status from the last year as the world's most valuable brand and got stronger by 2% in comparison with the previous year. IBM rose to second position, getting ahead of Microsoft which didn't maintain its position from the year before. Generally four of the top ten places are occupied by companies from the computer industry. The most significant mover was Google with a jump from twentieth to tenth position. The rest of the brands in top ten

41

remained in their previous positions and all of them increased their growth except Disney.

The majority of the world's most valuable brands have been around for more than fifty years so they have also social value and they may have a political significance as well.

3.5.1.3. Comparison of the methods

Each stated method has some advantages and disadvantages. Particular measures use a variety of factors for brand valuation. For easy visualisation the following table 3.5.1.3.e) provides comparison between applied brand equity measures. Selected methods are the most recommended ones to be used for brand equity valuation. David Aaker is often being compared with another marketing professional Kevin Lane Keller.

Recommended/Applied Brand Equity Measures					
	Aaker	**Millward Brown**	**Y&R**	**EquiTrend**	**Interbrand**
Associations	x		x		
Awareness/ presence	x	x			
Bonding		x			
Differentiation	x	x	x		
Distribution coverage	x				
Esteem			x		
International					x
Knowledge			x		
Leadership	x				xx
Legal protection					x
Market share	x	x			
Market trend					x
Marketing support					x
Perceived quality	x			xx	
Perceived value	x				
Performance		x			
Personality	x		x		
Price premium	xx	x			
Relevance		x	x		
Salience/ advantage		x		x	
User satisfaction/ loyalty	x	xx		xx	
Stability					x

Table 3.5.1.3.e): Comparison of Brand Equity Measures (Reynolds and Phillips, 2005, pp 172)

The following table figure 3.5.1.2.f) demonstrates two brands evaluated with different techniques. The two brand evaluations were made by Interbrand and Millward Brown. We can see how the brand values differ by applying two different methods. However brand evaluation by Interbrand is still perceived as the most reliable and generally accepted method.

Divergent estimates of brand value		
2007 Brand Value	**Interbrand**	**Millward Brown**
Coca-Cola	$65bn	$44bn
GE	$52bn	$62bn
Intel	$31bn	$19bn
Marlboro	$21bn	$39bn
Google	$17bn	$66bn
L'Oreal	$7bn	$12bn
BP	$4bn	$6bn
Starbucks	$3bn	$6bn

Table 3.5.1.3.f): Divergent estimates of brand value (Knowles, 2008, pp 25)

3.5.2. Financially driven approaches

Nowadays a wide range of alternative financial valuation methods exists, but bringing significantly different results. The large number of models causes confusion amongst marketers and each method has its advantages and disadvantages. There is no general agreement on an evaluation method so far because even if the method seems to be theoretically correct, it is not empirically verifiable on the market. There is also a major problem consists in separation of brand equity from other intangibles. Therefore the valuation is not an exact science.

Moreover, we have to be careful whether we case study perceived a brand as a trademark, branded product or branded business, thus the appropriate method has to be chosen. The purpose of valuation has to also be considered. It is the recognised

technical valuation that focuses on trademarks and the valuation is conducted for balance sheets, tax planning, securitisation, licensing and acquisition. Special procedures requested by law, determine how to evaluate a trademark in many countries. While *commercial valuation* is used for the purpose of creating brand architecture, portfolio brand management and marketing strategy. This valuation focuses mostly on a branded business. (Haigh and Knowles, 2004; Abratt and Bick, 2003)

3.5.2.1. Cost-based valuation

A brand could be evaluated in terms of what it cost to create or what it might cost to re-create. The disadvantage of this method is that it evaluates mostly what it was rather than what it will be and it doesn't provide information on how cost effectively the brand was expanded. It doesn't consider an economic value or open market and if cost were spent effectively.

a) HISTORICAL-CREATION COST

Such valuation might be meaningful in the context of a new brand over a short period of time. Basically it considers accumulated costs expended on the brand to date. The cost could be advertising expenditure in building brand awareness and loyalty and summarise the total amount invested. (Perrier, 1997)

b) CURRENT RE-CREATION COST

This is a valuation of cost involved in re-creating a brand, the cost that would be incurred to replace the asset if it is destroyed. This method serves more for tangible assets because there is no such thing as a standard of a brand. (Perrier, 1997; Abratt and Bick, 2003)

3.5.2.2. Market-based valuation

"This approach is based on assumption that there are either comparable market transactions or comparable company transaction. A valuation may, therefore, be based on disposal of comparable individual brands or specific branded divisions or whole

companies where adequate information is made publicly available." (Perrier, 1997, pp 27)
In practice it is usually very scarce to find the same or similar brand to compare with.
Another approach to market-based valuation is based on the amount for which a brand
can be sold. "The open market valuation is the highest value that a "willing buyer and
willing seller" is prepared to pay for the asset. This valuation basis should be used
when one wishes to sell the brand. Modern financial theory states that one should sell
off assets if the value that a buyer is willing to pay exceeds the discounted benefits of
the brand." (Abratt, Bick, 2003, pp 4)

3.5.2.3. Income-based valuation (Economic Use)

This approach is the most recommended one. It tries to evaluate future net earnings
regarding the brand in its current use. It also reflects the future potential of a brand.

a) ROYALTY RELIEF METHOD

It is based on the assumption that a company would have to pay for the use of a
trademark if they had to license it. In the case of owning the trademark, the company
doesn't have to pay the license fee (the royalty rate) therefore such ownership of the
intangible assets relieves the company from paying. (Perrier, 1997)

First the underlining base for calculation has to be determined (percentage of turnover,
net sales or other base or number of units), and then determine the appropriate royalty
rate according to databases, publishing international royalty rates for specific industries
and also for specific products. The royalty rate is subsequently determined according to
the qualitative aspects. And finally determine a growth rate, expected life and discount
rate for the brand. (Abratt, Bick, 2003)

The royalty relief is also usually expressed as a percentage of sales of branded product.
The disadvantage of this method is that it focuses purely on trademarks.

b) DISCOUNTED CASH FLOW ANALYSIS AND FUTURE EARNINGS

This method deals with economic value. It tries to determine what value a brand has for
its owner in its current use. It is based on today's value of the brand that will generate

anticipated cash flow in the future, which is called the net present value to brand equity. If we consider a brand as a product, then firstly unbranded products have to be eliminated for purposes of estimating only brand value added. Then expected cash flow value is identified, arising at different times in the future and this identifies a discount rate taking account of the risks inherent in the predicted cash flow. The risk is estimated by application of BrandBeta^{TM} Analysis, which is a study of the strength, risk and future potential of a brand relative to its competitors. BrandBeta quantifies the strength and performance of the brand, which is rated on a scale to 0 to 10; it provides an indication of the risk attached to future earnings of the brand. The final brand ratings are expressed as an index score from 0-100. Brand ratings incorporate both quantitative and qualitative data. (Perrier, 1997; Haigh, 2002)

$$DCF = \sum \frac{C}{(1 + r)^t}$$

Where *DCF* is the discounted cash flow,
C is the cash flow inflow attributed
to the brand,
r is the discount rate or risk factor, and should
be calculated using the brand's beta, and
t is the number of discounting periods.

Figure 3.5.1.2.b): The calculation of Discounted Cash Flow (Laboy, 2005, pp 3)

This model contains market analysis, financial analysis, brand analysis and risk analysis. However this method suffers from the difficulty in determination of cash flow attributable to a brand and therefore difficult to determine BVA-brand value added. This aspect can be eliminated if we consider a brand as a branded business (organisation). In this case the cash flow would be calculated for the whole company and the final brand value would be taken out according to the company's financial characteristics. Another very similar approach to Discounted Cash flow for a whole organisation is Discounted Future EVA (economic value added). However both models contain forecasted future cash flow / earnings that may be in some cases impossible to apply.

c) PRICE PREMIUM

The assumption of this approach is that a branded product should sell for a premium over a generic product - unbranded products identified only by product category. Discounted future sales premium is therefore the value of the brand. The problem of this method appears when the branded product does not create a price premium, the benefits arise on the cost or market share dimensions. (Abratt, Bick, 2003; Aaker, 1991)

3.5.2.3. Organization-based valuation

Other approach recommended by accountants is applied for a brand as a branded business. It is based on an estimation of a value of a company, then the value of the company's net assets and finally deriving intangible assets. A brand value is then taken out from the intangibles on a basis of the business characteristics. The calculated result is not a precise number, just estimation or possible range of values.

There is an alternative example of deriving the current brand value when the methods stated above cannot be used from some reason.

PRICE/EARNINGS APPROACH

1) *Calculation of a Value of a company – using P/E approach*

Formula: **Current company's profit after tax (PAT) multiplied by an average Price/Earnings ratio for an industry (P/E)**

The value of the company is adjusted for market liquidity and the status of private company if needed.

"P/E is a ratio between the share price and earnings per share. It serves to determine the multiple of earnings per share; it measures how expensive a stock is over a 12 months period." P/E is known as an investment indicator. (BusinessDictionary, 2007, source: http://www.businessdictionary.com/definition/price-earnings-P-E-multiple.html)

PAT represents the profit/or loss earned by a company after deduction of corporation taxation, but before the deduction of dividends, minority interests and extraordinary items. (Atrill, 2007)

2) Calculation of Net Asset Value – "book" value of a company

Formula: **Total Assets less Total Liabilities**

Net Asset Value represents a lower line of the company's value. It is the floor value of the company.

"Total Assets are the sum of current and long-term assets owned by a person, company, or other entity listed on the Balance Sheet." (WebFinance, 2009, source: http://www.investorwords.com/5975/total_assets.html)

"Total Liabilities, listed on the Balance Sheet, include all the Current Liabilities, Long Term Debt, and any other miscellaneous liabilities the company may have." (SpireFrame, 2008 source: http://www.spireframe.com/docs/financial_statement_total_liabilities.aspx) In the Czech accounting, total liabilities comprise all passive belonging to the part of Outside Sources.

3) Calculation of Intangible Asset

Formula: **The value of the company less Net Asset Value**

Intangible assets are usually not listed in the Balance sheet but evaluated separately. It is the value of these intangible assets that completes the overall value of the company.

This method is usually used when forecasting the future earnings is not possible, but on the other side it indicates only the current brand value and it doesn't consider the future company development. The disadvantage of this procedure is that the value of intangibles assets differs every year according to the profit, changing P/E ratio and other unstable factors.
(Atrill, 2007; Čada, 2007; Mařík and Maříková, 2005)

3.5. Overall procedure of brand analysis

The overall process of brand analysis contains a number of phases starting with *the determination of brand identity* to *the possible gain of a competitive advantage*.

The figure stated below illustrates how to proceed in brand analysis. First of all it has to be decided upon whether a brand is interpreted as a trademark, product, organisation or person and the business environment which the brand trades in should be taken into consideration. Secondly, the evaluation of brand equity regarding the specific brand identity is made. In order to unify various views on brand equity, the evaluation should be undertaken from the marketing as well as from the financial perspective. The results are then discussed from a brand strategy point of view; this comprises positioning, communication, differentiation and innovation. All these steps lead to the competitive advantage of the brand on the market.
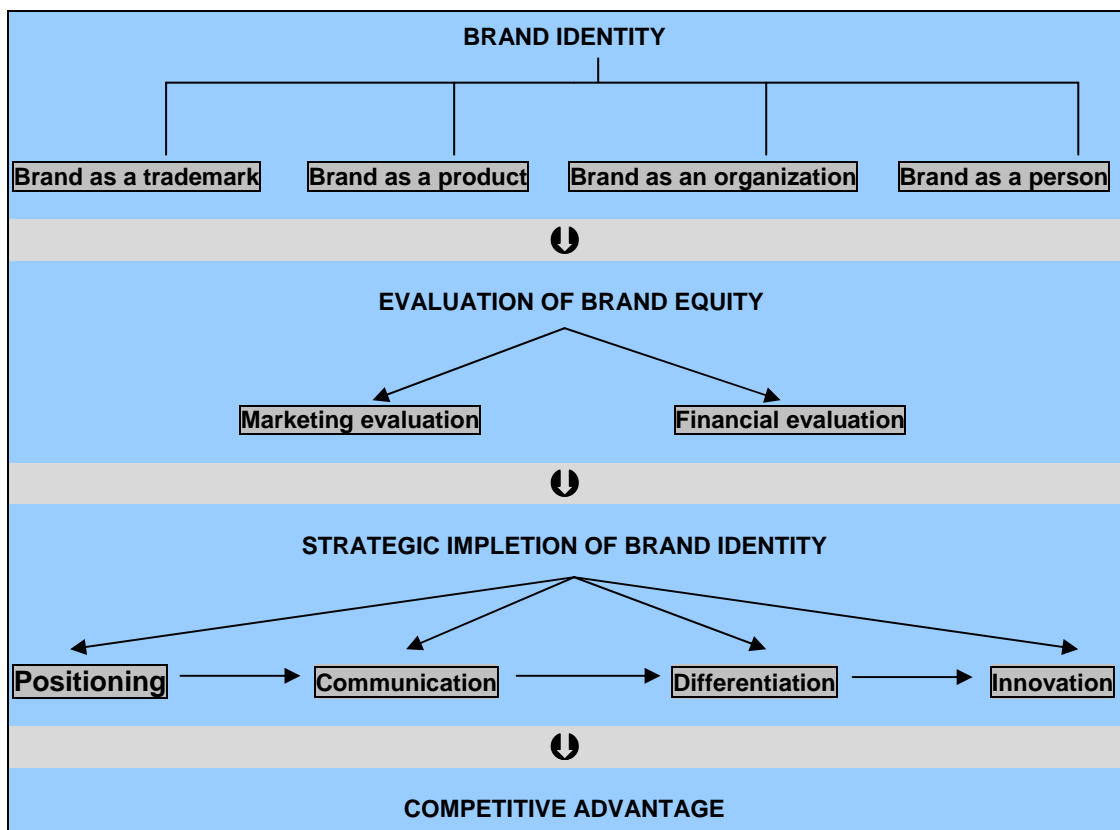
Figure 3.6.: Overall Procedure of Brand Analysis (Aaker, 1991)

3.6.1. Positioning

Brand positioning contains aspects of brand communication, differentiation and innovation, thus these aspects can deduced from positioning. Brand positioning is a part of brand identity, which has to be actively differentiated and communicated to the target customers to demonstrate competitive advantage. Positioning is closely related to associations created by customers. Each company should know its target customers, their needs, expectations and trends. Eventually, a company should segment them according to these needs, various business relationships, or distribution and geographic location. Different segments might perceive a brand differently. Positioning takes advantage of changes in demographic, technology, marketing cycles and gaps in the market to find new ways of appealing to the public. Positioning takes into account a *marketing mix* consisting of product, price, place and promotion; these four dimensions affect sales. Price refers to the price strategy, Place refers to the distribution strategy, Product refers to the association strategy and Promotion refers to the communication strategy. (Aaker, 2003; Wheeler, 2003)

"Positioning means owning a credible and profitable 'position' in the customer's mind; either by getting there first, or by adopting a position relative to the competition, or by re-positioning the competition." (Clifton and Simmons, 2003, pp 79)

3.6.2. Communication

Marketing communication tools try to inform about brand, persuade of purchase or co-operation and remind customers about a brand. Communication is any form of promotion communicating directly or indirectly and focusing on B2C (business to customer) market or B2B (business to business) market. The new and popular trend in brand communication is relationship marketing, enhancing customer's loyalty. It promotes a closer relationship with the customer. It can appear in sales promotion, advertising with direct reactions or personal selling. (Keller, 2007)

Following figure 3.6.2. provides an overview of promotion tools used in B2C and B2B markets:

```
MEDIA SUPPORT                          SALE PROMOTION FOR BUSINESSMEN
TV                                     Purchase discounts and advantegous agreements
Radio                                  Competitions and incentives for businessmen
Newspapers                             Training programmes
Magazines                              Participation in exhibitions
                                       Collective advertising

ADVERTISING WITH DIRECT REACTIONS
Letters                                SALES PROMOTION FOR CONSUMERS
Telephones                             Samples
Broadcast media, Print Media           Coupons
Connection with computers              Bonuses and premiums
                                       Refundments and rebates
ON-LINE ADVERTISING                    Competitions and lotteries
Web sites                              Discounts
Interactive advertising
                                       EVENT MARKETING AND SPONSORING
TERRITORIAL ADVERTISING                Sports, art, entertainment
Billboards and posters                 Tradefairs and display markets
Films, aerolines and halls             Connection with events
Product placement
Purchase placement                     PUBLICITY AND PUBLIC RELATIONS

ADVERTISING IN PLACES OF SALE          PERSONAL SELLING
Advertising on trolley
Marks in shopping halls
Marks on shopping shelves
TV or radio broadcast in shopping centres
```

Figure 3.6.2.: Tools of marketing communication for strengthening a brand value used in B2C and B2B markets (Keller, 2007, pp 310)

The right form of communication tools has to be chosen carefully to hit the customer. It needs to be considered whether the customer will see or hear the message, whether they will notice and understand it and whether they will react positively and behave in required way. The marketing communication contributes to brand awareness and cognition, it makes associations to a brand, it may enhance brand loyalty, and it creates dialog with customer and creates stronger links with a brand. (Keller, 2007)

3.6.3. Differentiation and Innovation

Differentiation and Innovation focus on the fact that a brand shouldn't stay in one place. It encourages continuous innovation of a brand, creating alternatives and inventing new ideas for differentiation. There can be slight changes such as logo innovation, or significant changes such as development of new brand strategy. All changes should be

made in conformity with the market dynamics and current customers' needs. (Aaker, 2003)

3.7. Summary

As the importance of intangibles to companies' increases, managers will want to install more value-based brand management systems. The persistent brand monitoring through brand evaluation, both marketing and financial, and re-implementation of brand strategies will be needed.
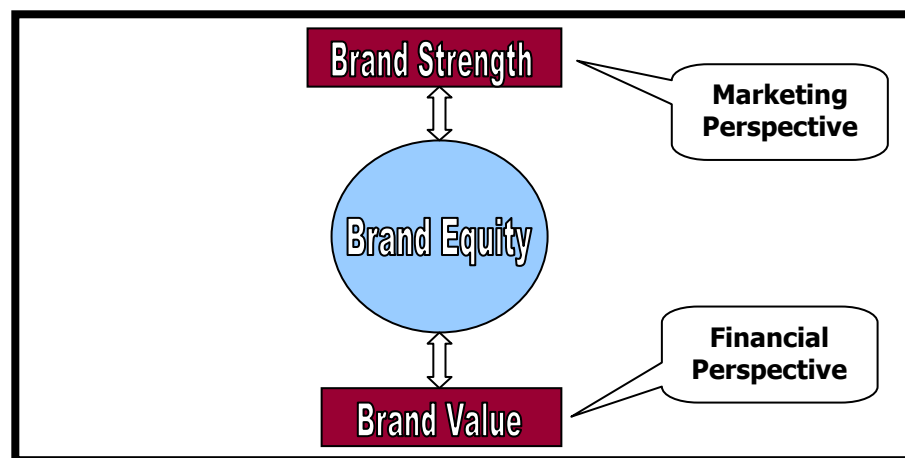
Figure 3.7.: Brand evaluation perspectives (Wasler, 2004, pp 55)

The figure 3.7 summarises the brand evaluation perspectives. Brand equity is expressed by brand strength belonging to the marketing perspective, which focuses on customers' acquisition. And secondly it is expressed by brand value belonging to the financial perspective, which focuses on business performance. If brand equity is evaluated, both approaches should be undertaken, because its conclusions may significantly differ.

"A brand can perform strongly according to marketing indicators but still fail to create financial and shareholder value." (Clifton and Simmons, 2003, pp 35)

"As global competition becomes tougher and many competitive advantages such as technology become more short-lived, the brand's contribution to shareholder value will increase. The brand is one of the few assets that can provide long-term competitive advantage." (Clifton and Simmons, 2003, pp 43)

4. CHARACTERISATION OF THE CHOSEN COMPANY

The company, chosen for the research, is STROJIRNA-TABOR s.r.o. This firm operates on the agricultural machinery, construction and technological device markets. Their main business is in the Czech Republic as well as some contracts in foreign markets. It is a small firm, employing less than fifty people, half of which are hired on short term contracts for manual work. The CEO is represented by one shareholder. STROJIRNA-TABOR operates on the B2B market.

Figure 4.: Logo of the company STROJIRNA-TABOR (Stojírna-Tábor, 2009, source: www.strojirna-tabor.cz)

4.1. History of the company and its portfolio

STROJIRNA-TABOR s.r.o., continues the tradition of the former county janitorial workshops, which manufactured machinery for the Agricultural Purchasing Association. The Tabor branch was founded in 1950; over the next few years various transformations took place in the agricultural supply and purchase industry. The company started to aim their research into technological devices used in cereal storing silos and then in fodder producing plants.

Originally, the firm solely dealt with the maintenance of technologies produced by TOVARNY MLYNSKYCH SROJU PARDUBICE and PROKOP PARDUBICE, but later, they developed their own devices. The company started the production of *cereal screw conveyors*, *bucket elevators* and gradually continued into the *descent transport elements* (flats, adapter,) and finally to the production and assembly of steel constructions: hails, depots and shelters.

In 1994 the county janitorial workshops were successfully denationalised over a period of time and thus the Tabor workshop became the company STROJIRNA-TABOR s.r.o. It attempted to continue the renown of the former county janitorial, which had a good reputation.

The company has started to aim at the general reconstruction and modernisation of fodder producing plants and cereal storing silos, with the emphasis on customer input into design strategies.

The current company's portfolio consists of:

- Production and assembly of technological devices for cereal storing silos and fodder producing (mixture) plants

  These contain: screw conveyors, bucket elevators, redler conveyors, descent transport elements and dust separators.

  Cereal storing silos and fodder producing plants are also equipped with filtration terminative devices and tubing products with exhaust ventilation.
- Steel constructions
- Project documentation
- Complete production and assembly of electrical wiring
- Production and assembly of measuring and regulation management system
- Conducting of the production process by computer, including its special software
- Gravimetric management
- Pressing plants for vegetal oils (rape, sunflower)
- Refining and etherification oil technology for production of bio-diesel

Assemblies are aimed at:

- Reconstruction and modernizing of fodder producing (mixture) plants or cereal storing silos
- Structure, halls and storehouse assembling
- Installation of pressing plants either for sunflower or rape oils

➢ Installation of micro-lines – dosage of micro-components

(Stojírna-Tábor, 2009)

F**igure 4.1.**: Workshops of the Company STROJIRNA-TABOR s.r.o. (Stojírna-Tábor, 2009, source: www.strojirna-tabor.cz)

4.2. Business environment

The market for agricultural machinery, technology and construction has been recently stagnating and now the market is beginning to decrease. The amount of breeding animals and livestock in the Czech Republic is decreasing; therefore the number of plants producing animal fodder is also decreasing. The supply in technological devices exceeds demand, markedly.

Jan Veleba, the president of the Agrarian Chamber stated that the Czech Republic is obliged to import agricultural and food products rather than export them. Many producers complain about insufficient protection of the Czech agricultural market by Czech political policy. Czech politicians are unable to fight against the discriminating subsidy policies of the European Union towards new member states like The Czech Republic. (Euroskop, 2008; Stem, 2009)

There are many firms operating on this agricultural machinery, technology and construction market. However the number of enterprises specialising in the production

of technological devices for the post harvest treatment of cereals, is quite limited. These enterprises represent **direct competitors** of STROJIRNA-TABOR, being one of the major manufacturers in this area. These small and private firms resemble each other in price, quality and an average level of achieved profit. Such firms include: Moza Brno s.r.o., Strojírna PŽ Šternberk s.r.o., Haiva Tasovice s.r.o., Adapt Dopravníky (Conveyors) Pardubice s.r.o., Stoza s.r.o., Himel CZ s.r.o., Taurus s.r.o., Chrudim, Agroing Brno s.r.o., Inmex Pardubice a.s.. **Rivalry** among these companies in the sector is intense; by comparison, STROJIRNA-TABOR has the broadest range of products. This is one of the main aspects contributing to its competitive advantage. Considering that these firms are comparatively similar in price and quality; strong customer loyalty, good business relations and high-quality brand reputation are other important aspects of competitive advantage.

New threats of competition appearing on this market are rather rare; because of the current situation in the Czech agriculture and the long tradition which the current firms operating on this specialised market have. It is quite difficult for new companies to enter this market and assert themselves.

Customers are not indifferent to their choice of supplier on this market, in other words **substitutes** in suppliers are not that common for these customers. Price and quality are not the only decision factors to be considered. Preference of a firms' brand plays an important role. Brand awareness, business relations involving a level of trust, loyalty, previous experience and reliability has the same importance on this market as price and quality. Very often it depends on the type of work contract; the bigger ones require complex services and products. This is why customers generally prefer that the unique supplier is trustworthy. The provided complexity is usually cheaper for customers rather than hiring a different contractor to do each specialised piece of work.

The company has many **suppliers**, providing them with metallurgical materials, electrical devices, air-conditioning (compressors, air-pumps), actuator mechanisms

(conveyer drive) and filters. The company has an exclusive contract with El-Vy s.r.o which supplies actuator mechanisms "Nord". The biggest amount of supplies comes from metallurgical materials which come from a lot of enterprises; therefore STROJIRNA-TABOR can choose the most suitable supplier according to the current requirements, depending on the type and amount of the needed material.

4.2.1. Customers' characteristics

The majority of STROJIRNA-TABOR's customers are bigger, mostly private, agricultural enterprises which employee up to five hundred people and which deal with post harvest treatment of corn; producing feed mixtures for animals. There is also a small amount of other private businesses buying only particular agriculture technological devices. In general, the rivalry among the customers operating on this major market is getting intense, as agricultural production is decreasing in the Czech Republic.

The minority of customers which don't deal with the production of feed mixtures are situated in related engineering industries. The company delivers to these customers products like exhaust ventilation systems; it comprises for instance of car companies.

On the major market STROJIRNA-TABOR has been an exclusive contractor for approximately fifteen stable customers among which the most significant is AGROPOL GROUP a.s.; a big holding company in the agricultural industry. The rest of the customers fall into the category of 'made-to-measure' work contracts. These types don't repeat as much as the previous ones, but they are still counted as stable customers.

Generally, STROJIRNA-TABOR divides its customers in the table 4.2.1. as follows:

The market	The percentage of customers	Stable customers	Causal customers	The average amount of sales revenues / year
The agriculture technologies market	85%	65%	20%	68 000 000 CZK
The engineering market	15%	5%	10%	12 000 000 CZK

Table 4.2.1.: General division of customers

The table 4.2.1. shows that the customers are segmented according to the type of market. In addition the company divides its customers in a particular market, into stable and causal. In total, STROJIRNA-TABOR has 70% of stable customers and 30% of causal customers. The average amount of total sales revenues per year for the company has been around 80 000 000 CZK for last seven years. The revenue sales of the major market is around 68 000 000 CZK, the revenue of the minor engineering market is in the region of 12 000 000 CZK.

4.3. Brand identity

The company operates on the agricultural construction, technologies and machinery market and it is slowly breaking into other related markets. Therefore it provides quite a wide range of products, partly connected with services. Because of this diversity, the brand is considered as a **brand as an organization**, not as a product. All the brand's attributes refer to the company as a whole. The firm has to take into account its values, vision, mission, goals, culture, strengths and weaknesses. It creates a basis for overall image of the company's brand. STROJIRNA-TABOR just applied to get a trademark as well as two patents, which would protect an invention used in special parts of production. Thus, the brand cannot be considered as a trademark either, as it doesn't own it yet. The firm only utilises the trade name and symbol and also keeps the European technical standard of product quality by CE "Conformité Européenne" – European Conformity. This doesn't say anything about the consumers' safety, health or environmental requirements. The products or services just meet all the essential requirements of relevant European Directives. All products have to be labelled by the specific CE mark.

Figure 4.3.: The mark of European Technical Standard of Quality of products (Alura Group BV, 2009, source: http://www.cemarking.net/)

4.4. Company's brand characteristics

Meaning

The purpose of the company's existence is to supply and ensure the sustainable running of 'agriculture logistic and purchasing enterprises' (ZZN enterprises). Therefore the company tries to continually supply them with required technological devices which are used for cereal storing and manipulation, to ensure the continuous running of plants producing animal fodders. This is a firm commitment of the company.

Vision

The company will continue to sustain the modernising and innovating of current technological devises for cereal storing silos and fodder producing plants. It will continually extend the knowledge of new technologies by investing money and time into the Research and Development, to produce the best quality of product.

Mission

The mission of this company is to become the primary supplier for 'agriculture logistic and purchasing enterprises' and strictly sustain its principles (stated values) during its growth.

Values

The values of the company are based on providing the best quality product and service, while sustaining a reasonable price, innovating used technologies and treating customers and employees well. They strive to provide great working conditions and internal working culture, based on pleasant surrounding and good relationships within the company. The company is concerned with an ecologically friendly image, building the right image of the firm with the emphasis on our environment. STROJIRNA-TABOR recycles production waste properly by hiring a special recycling firm.

Short-term goals

One of the short-term goals for 2009 is to increase the production and quality of products by upgrading the equipment in the workshop. The newer equipment will reduce the amount of human labour, which can then be use in other parts of the production or post-production. The substitution of human labour for certain tasks will increase the productivity of the plant and discount the cost of production in time. Another short-term goal is to stabilise the employee's situation in the company. During the year 2009 STROJIRNA TABOR wants to gain new employees of a younger age group thus decreasing the average age, which at present is around 44 years old. Some of the older employees are leaving with a pension this year, so they need to be replaced.

Long-term goals

STROJIRNA-TABOR would like to provide a complex service of work to its customers. It wants to establish a service centre which would cover repairer and maintenance work. This will demand more skilled employees and redevelopment of factory work space. The complex service would be one of the aspects of differentiation from the direct competitors. Another long-term goal is to increase the amount of contracts on the foreign markets. STROJIRNA-TABOR already co-operates with other Eastern European countries, such as Poland, Slovak Republic, Ukraine and Russia. In addition there are some causal customers in Germany, Holland, Austria and Denmark. The company would like to strengthen its position on the eastern market and begin to get more of the western market. It wants to create special contracts with already existing foreign customers, which would promote STROJIRNA-TABOR further in the customer's country.

S.W.O.T. analysis

STRENGHTS	WEAKNESSES
- long tradition, wealthy experience and its exercitation in praxis , production of quality products - perfect knowledge of the specialisation - innovating and modernizing of the technological equipment, skilled employees - broader specialisation, flexibility of work, works contracts 'made to measure to customers' - guarantee service and post-guarantee service - using co-branding	- incomplete technological equipment - lack of stronger differentiation from the direct competitors → weak marketing politics - insufficient motivation of employees, disunited firm's culture - lag in faster and smoother assertion of new technologies once they are purchased
OPPORTUNITIES	THREATS
- penetrating to foreign markets - penetrating to different industries: engineering and building industry, air-condition-aspiration of industrial properties → gaining new customers - getting legitimate protection of special parts of production by 2 patents → possibility to grant the licenses or sell the patents	- Common Agriculture Policy of the EU with its subsidy policies for new member states → imbalance of endowments - inability of Czech politicians to promote The Czech Republic's agriculture interests - need to Import agricultural commodities rather than produce or export them - huge competition on the western market considering penetrating to this market

Table 4.4.: S.W.O.T. analysis of STROJIRNA-TABOR

The company's biggest **strength** is its long history of operation on this market, giving them a wealth of experience in the production of quality products. Thanks to the perfect knowledge, innovating technologies and enlargement of the company's portfolio, STROJIRNA-TABOR is ranked amongst the most successful firms in the field.

Even though the company is continuously renewing its machinery; at the same time the company's specialisation is getting broader and therefore it is necessary to purchase new machinery to completely equip the work-shops. The biggest **weakness** of the firm is therefore an incomplete set of equipment, but also very weak marketing strategies. The company has stated that the complete equipping of its factory is a high priority in its short-term goals. Proposals for recommendations into marketing strategies will be drawn in the chapter 6.

STROJIRNA-TABOR has a number of **opportunities**. The most marked one is the penetrating of foreign markets with its major specialisation, but also to other connected industries in the Czech Republic with the enlargement of the company's portfolio. The company has got the potential to expand beyond the borders of the Czech Republic towards Western Europe. It already successfully operates in some Eastern European markets. In order to maintain the current trend, the company should focus on better promotion of the company (see chapter 6).

The major **threat** for the firm is represented by the general situation within the agricultural industry, in the Czech Republic. The Czech politicians need to be more active, to negotiate better conditions for Czech agriculture thus to increase production of agricultural commodities, thereby increasing production of technological devices for post-harvest treatment of cereals.

Co-branding

STROJIRNA-TABOR uses co-branding with a company ELEKTROPROF a.s., that is focused on production and installation of electric switchboards for industrial automation machines for measuring and regulation purposes. This company has good references and qualities (using the total quality management with ISO norms), and it is generally desirable on the Czech market. STROJIRNA-TABOR is always the general supplier. Together they strengthen their position because they are both well-known with good references.

In the case of a bigger work contract, STROJIRNA-TABOR uses co-branding with a few other firms. PU ZZN Praha s.r.o. is a company which do on-site survey work, Proko-Syter s.r.o. design software systems used in the technological devices which conduct the process of cereal storing and manufacturing, Duha s.r.o. deals with surface coating and painting. Thus if STROJIRNA-TABOR enter a tender for a bigger contract, then it makes its offer on the basis that these firms will be the co-suppliers of the various facets of the contract.

5. EVALUATION OF THE COMPANY'S BRAND EQUITY

The research is divided on qualitative and quantitative parts. The qualitative evaluation is going to be conducted according to the Brand Equity System, through the medium of questionnaires, aimed at the customers, employees of the company and the shareholder. These questionnaires are trying to evaluate the power of the company's brand and diagnose brand perception. The quantitative evaluation will try to put financial value on the company's brand by applying certain valuation methods.

5.1. Marketing (Qualitative) approach

5.1.1. Evaluation of questioners aimed at customers

A sample of STROJIRNA-TABOR's customers is represented by 50 companies from the major agricultural technologies market. The respondents are shareholders of the companies. The following table provides general information on respondents.

AGE GROUP	20-29	30-39	40-49	50-59	60 and more	GENDER	Male	Female
NUMBER OF RESPONDENTS	0	13	14	18	5	NUMBER OF RESPONDENTS	50	0
IN %	0%	26%	28%	36%	10%	IN %	100%	0%

Table 5.1.1.: General information on shareholders

Particular statements and questions of the four main dimensions and their average rounded off values given by customers are as follow:

I. Brand Loyalty
1) STROJIRNA-TABOR fulfilled (fulfils) my expectations: *9.2*
2) I would say that with regard to my last experience I have been satisfied with STROJIRNA-TABOR: *9.3*
3) Next time I would choose STROJIRNA-TABOR again: *9.4*
4) I would recommend STROJIRNA-TABOR to other companies as well: *9.8*

5) The competitors of STROJIRNA-TABOR in the field I co-operate with it, would have to offer me about X% lower price that I would prefer the competitor:

4 → 40%

The preferred competitive companies mentioned by customers fall into the category of 'direct competitors' stated in the chapter 4.2.

STATISTICAL FUNCTION	QUESTIONS - BRAND LOYALTY				
	1)	2)	3)	4)	5)
ARITHMETIC MEAN	9,200	9,250	9,400	9,750	4,010
STANDARD DEVIATION	0,927	0,887	0,970	0,698	3,074
MODE	10	10	10	10	5

Table 5.1.1.I.): Customers'statistical results for Brand Loyalty

The average value of Brand Loyalty is **8.3**. According to the scale of brand strength (see Supplement No. 3), this category evaluated by customers is contributing to building up a **strong brand**. Generally we can say that the customers are highly satisfied with this company, it fulfils their expectations and they would almost definitely co-operate with the company again. They would recommend the company to others (the highest mean 9.750 with the mode value 10 and the lowest standard deviation 0,698). As for the price preference, among 50 respondents 12 of them answered that they would never prefer competitors and 5 of them answered that the preference doesn't depend on price but overall conditions. Finally on average, the lower price would have to be about 40% to give preference to other companies (the lowest mean 4.010 with the mode value 5 and the highest standard deviation 3.074; the high standard deviation shows that in this statement variety of answers appeared and mode indicates that the most often repeated value is 5). So it can be said that on average if a competitor offered 40% cheaper price, some customers of STROJINA-TABOR would change from being loyal customers to just being satisfied.

II. Perceived Quality

6) I think that with comparison to other companies' brands in this field, STROJIRNA-TABOR provides quality of performed work (0 = one of the worst, 5 = the same as direct competitors, 10 = one of the best): *7.6*

7) I think that with comparison to other companies' brands STROJIRNA-TABOR has a position / popularity / in its category (0 = the last in its category, 5 = the same as direct competitors, 10 = leading position in its category): *7.1*

8) I consider this company on the Czech market as desirable: *9.6*

9) I think that STROJIRNA-TABOR has been developing its processes over time to create better value for its customers: *8.2*

10) I respect STROJIRNA-TABOR with comparison to other companies' brands in this field (0 = don't respect at all, 5 = in the same way as its competitors, 10 = highly respect): *8.9*

Rankings of factors mentioned most often for which is the company respected:

1. Good business relationships and correctitude (39times)

2. Quality of performed work and qualified approach, personal active approach to solving problems (31times)

3. Good reputation (17times)

4. Acceptable price (10times)

STATISTICAL FUNCTION	QUESTIONS – PERCEIVED QUALITY				
	6)	7)	8)	9)	10)
ARITHMETIC MEAN	7,550	7,100	9,550	8,152	8,900
STANDARD DEVIATION	2,132	1,997	0,921	0,952	1,670
MODE	5	5	10	9	10

Table 5.1.1.II.): Customers' statistical results for Perceived Quality

The average value of overall Perceived Quality is **8.3** which is representative of a **strong brand**. From the customers' point of view, this company is considered as very desirable (the highest mean 9.550 with mode value 10 and standard deviation 0.921).

The customers agreed that the company is creating a better value for them over time. With comparison to the direct competitors, STROJIRNA TABOR has higher perceived quality of products and services and it still has a better position on the Czech market, even if this factor was evaluated as the weakest one from Perceived Quality (the lowest mean 7.100 with the mode value 5 and the highest standard deviation 0.997). STROJIRNA TABOR is respected more than its competitors, mainly for its good business relationships and customer care.

III. Set of Associations

11) I would link STROJIRNA-TABOR the most with:

a) High quality of production and assembly: *8.6*

g) Care about customers: *7.9*

b) Strong personality of the shareholder: *9.1*

h) Good business relationships: *9.2*

c) Tradition connected with good references: *8.7*

i) Image of the firm: *7.1*

d) Production with respect to the environment: *6.6*

j) Sponsoring: *4.8*

e) Service flexibility: *8*

k) Innovation: *6.9*

f) Strong positions on the Czech market: *7*

l) Operation on the foreign markets: *5.3*

12) I think that STROJIRNA-TABOR offers for its required price a value of performed work (0 = poor, 5 = normal/average, 10 = excellent): *8*

13) There is a reason to do a business with STROJIRNA-TABOR and not with other companies: *8.5*

Rankings of reasons mentioned most often:

1. Good business relationships (35times)

2. Quality of production and assembly (30times)

3. Company's specialization (18times)

4. Acceptable price (8times)

14) STROJIRNA-TABOR is qualified company in this field, I trust it: *9.4*

15) STROJIRNA-TABOR is reliable company: *9.4*

16) STROJIRNA-TABOR is different than other companies' brands in this field: *5.5*

Rankings of factors mentioned most often in which the company differs:

1. Complexity of performed work (21times)

2. Reliability (18times)

3. Quality and price (10times)

17) On a basis of company's logo is the company identifiable (0 = not at all, 5 = I don't know, 10 = immediately): *8*

Ranking of the logo characteristics mentioned most often:

1. Unreadable, indecipherable, indistinctive (35times)

2. Easy to remember (32times)

3. Clear (10times)

4. It suits to the firm, interesting (8times)

5. Ugly (6times)

STATISTICAL FUNCTION	QUESTIONS - BRAND ASSOCIATIONS											
	11a)	11b)	11c)	11d)	11e)	11f)	11g)	11h)	11i)	11j)	11k)	11l)
ARITHMETIC MEAN	8,600	9,050	8,700	6,550	7,951	7,000	7,900	9,200	7,050	4,750	6,850	5,300
STANDARD DEVIATION	1,655	1,687	1,819	2,085	1,956	2,000	1,921	1,249	2,459	1,946	2,128	0,900
MODE	10	10	10	5	10	5	10	10	5	5	5	5

Table 5.1.1.III.): Customers' statistical results for Brand Associations

STATISTICAL FUNCTION	QUESTIONS - BRAND ASSOCIATIONS					
	12)	13)	14)	15)	16)	17)
ARITHMETIC MEAN	7,950	8,450	9,350	9,400	5,500	8,000
STANDARD DEVIATION	1,883	1,627	1,108	1,020	1,857	2,490
MODE	10	10	10	10	5	10

Table 5.1.1.III.): Customers' statistical results for Brand Associations

The average value Set of Associations is **7.7**. This dimension is doing its share of creating a **strong brand**. All statements indicated in the question (10) are characteristics of the company. The characteristic which makes the strongest and immediate association is 'good business relationships linked to the strong personality of the shareholder'. In second place is 'tradition connected with good references' closely followed by 'high quality of production and assembly'. This factor is connected with

the following one in the rankings 'Service flexibility'. The least associated factor is sponsoring (the lowest mean 4.75, the mode value 5 and standard deviation 1.946). The strongest associations form reasons why customers do business with STROJIRNA-TABOR. Customers find the company almost from 100% trustworthy and reliable (the highest mean 9.4, mode value 10 and the lowest standard deviation 1.02) and they think that the required price predominantly equates to the quality. However from the differentiation point of view STROJIRNA-TABOR is found as pretty much the same as its competitors, it only differs more in complexity of performed work and reliability linked to business relationships. As for the company's logo they find it rather unreadable, but visually easy to remember all the same, therefore the identification number is very high. The average evaluation of the respondents who ticked off the only statement "logo is unreadable" is 5.4, this comes to 13 respondents. The average evaluation of the respondents who wrote the two statements together "logo is unreadable" but at the same time "logo is easy to remember" is 7.6, this comes to 19 respondents. The average value of the respondents who only ticked "logo is easy to remember" is 8.3 this accounts for 9 respondents.

Current customers identify the company's logo well, thus it fulfils its purpose, but the general illegibility of the logo can be a disadvantage for potential new customers.

IV. Brand Awareness

18) I am aware of long history and tradition of the company: *8.7*

19) I consider to STROJIRNA-TABOR being generally know on the Czech market: *8.7*

20) I consider to STROJIRNA-TABOR being generally know on the foreign market: *4.9 mostly in the Slovak market*

21) I am informed about new products and services of STROJIRNA-TABOR: *4.9*

 Rankings of informing mediums mentioned most often:

 1. Information from the shareholder (17times)

 2. Web pages (12times)

 3. Recommendations, presentations on trade fairs (5times)

22) STROJIRNA-TABOR uses promotional tools to communicate its value: *5.4*

Rankings of promotional tools the customers are aware of mentioned most often:

1. Web pages (15times)

2. Direct marketing – informing about special offers, products, innovations (13times)

23) Had you known this company before you started to do a business with it? *32x yes, 18x no*

24) Name other companies' brands you would think of in this field:

'Direct competitors' + Prometal Prešov s.r.o., Zemont Přeštice s.r.o., Skandia s.r.o., Gama Pardubice s.r.o. and some others

STATISTICAL FUNCTION	QUESTIONS - BRAND AWARENESS				
	18)	**19)**	**20)**	**21)**	**22)**
ARITHMETIC MEAN	8,650	8,650	4,900	4,850	5,400
STANDARD DEVIATION	1,682	1,682	0,700	3,135	2,267
MODE	10	10	5	5	5

Table 5.1.1.IV.): Customers' statistical results for Brand Awareness

The average value for Brand Awareness is **6.5**. This value falls into the category of a **relatively strong brand**. In general customers are very aware of STROJIRNA-TABOR on the Czech market with its long history (the highest mean 8.650, the mode value 10 and the standard deviation 1.682). The majority of them had known the company before they started to do a business with it. But they don't think the company is known on the foreign market very well, even if it operates there. Subsequently they more or less confirmed that the company doesn't use promotional tools either for its current customers, as a way of informing them about new products (the lowest mean is 4,850, the mode value of 5 and the highest standard deviation of 3.135), or for potential customers, as a way of communicating the company's brand value. Those who get information about new products are mostly informed by the shareholder himself; they have a closer business relationship with the company. As far as the general marketing

tools used by the company, its customers are relatively aware of web pages and direct marketing through which they get information about special offers and innovations. Lastly, the customers confirmed that companies mentioned within direct competitors in the chapter 4.2., are truly the ones which primarily threaten STROJIRNA-TABOR's dominance in this market.

The Company's brand evaluated by its customers is that it is generally perceived as a **strong brand.** Three dimensions of brand equity fall into the category of strong brand (scale values from 7 to 8.4) and one part falls into the category of relatively strong brand (scale values from 5.5 to 6.9). The strongest part of brand equity from the customers' point of view is created by Brand Loyalty and Perceived Quality, with their scale value 8.3, followed by Brand Association with the value 7.7 and the weakest part is represented by Brand Awareness with its value at 6.5. These values are converted into percentage values of brand strength in the following chart 5.1.1.V.

Brand evaluation by customers

21%   27%

25%   27%

■ Brand loyalty - strong brand   ■ Perceived quality - strong brand
□ Brand associations - strong brand   □ Brand awerness - relatively strong brand
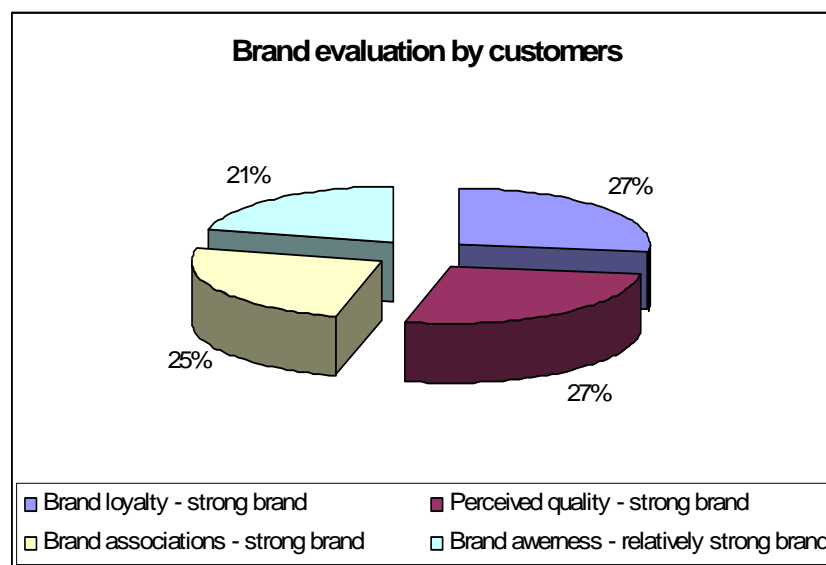
Chart 5.1.1.V.: Brand evaluation by customers

The chart 5.1.1.V. depicts a percentile illustration of particular asset's strength values, together creating the complete brand strength. Ideally they should be equal. In the case of the customers' evaluation, Perceived Quality and Brand Loyalty represent 27% of the

overall brand strength, Brand Associations 25% and Brand Awareness only 21% of brand strength.

5.1.2. Evaluation of questioners aimed at employees

A sample of STROJIRNA-TABOR's employees is represented by 16 respondents. The following tables 5.1.2. and 5.1.3. provide their general information:

AGE GROUP	20-29	30-39	40-49	50-59	60 and more	GENDER	Male	Female
NUMBER OF RESPONDENTS	2	4	6	3	1	NUMBER OF RESPONDENTS	15	1
IN %	12,50%	25%	37,50%	18,75%	6,25%	IN %	93,75%	6,25%

Table 5.1.2.: General information on employees

TYPE OF EMPLOYEES	Management	Accounting / Finance	Manual workers
NUMBER OF RESPONDENTS	3	3	10
IN %	18,75%	18,75%	62,50%

Table 5.1.3.: Information on type of employees

Particular statements and questions of the four main dimensions and their average rounded off values given by employees of the company are as follow:

I. Brand Loyalty

In case of employees' questionnaires it refers to the customers as well as employees satisfaction with the company.

1) I think that STROJIRNA-TABOR fulfils customers' expectations: *8*
2) I would say that with regard to my last experience our customers in Czech and Slovak market were satisfied: *8*
3) I am satisfied in this company with regard to the working conditions: *8*
4) I am satisfied in this company with regard to the general firm's culture: *7.3*
5) I would recommend working in this company to others as well: *7.3*

STATICTICAL FUNCTION	QUESTIONS - BRAND LOYALTY				
	1)	2)	3)	4)	5)
ARITHMETIC MEAN	8,000	8,000	8,000	7,333	7,343
STANDARD DEVIATION	1,528	1,915	1,528	1,325	0,573
MODE	10	10	9	6	7

Table 5.1.2.I.): Employees' statistical results for Brand Loyalty

The average value of this whole category is **7.7**. According to the scale of brand power, Brand Loyalty evaluated by employees is contributing to the creation of a **strong brand**. Employees think that customers are very satisfied with the company and it accomplishes their expectations (the highest means 8, the mode value 10 and the standard deviations 1.528). As for the employees, they are very satisfied with the working conditions, but less with the firm's culture (the lowest mean 7.343, the mode value 6 and standard deviation 1.325). Basically they would recommend this company to other workers.

II. Perceived Quality

6) I think that in comparison to other companies' brands in this field STROJIRNA-TABOR provides quality of performed work (0 = one of the worst, 5 = the same as direct competitors, 10 = one of the best): *8.2*

7) I think that in comparison to other companies' brands STROJIRNA-TABOR has a position / popularity / in its category (0 = the last in its category, 5 = the same as direct competitors, 10 = leading position in its category): *6.7*

8) I consider this company on the Czech market as desirable: *8.5*

9) I consider this company on the foreign market as desirable: *7.2*

Rankings of foreign markets mentioned most often:

1. Slovak market (16times)

2. Russian and Ukrainian market (15times)

3. Holland and German market (7times)

10) The processes in this company are being developed and innovated to create better value for customers: *8*

11) I care about the overall development in STROJIRNA-TABOR (considering economical part as well as inside processes): *8*

12) I care about good the reputation of STROJIRNA-TABOR: *9.6*

13) I respect STROJIRNA-TABOR with comparison to other companies' brands in this field (0 = don't respect at all, 5 = in the same way as its competitors, 10 = highly respect it): *7.7*

Rankings of factors, for which is the company respected, mentioned most often:

1. Good reputation (13times)

2. Quality of performed work and qualified approach (10times)

3. Good business relationships and correctitude (8times)

STATICTICAL FUNCTION	QUESTIONS - PERCEIVED QUALITY							
	6)	7)	8)	9)	10)	11)	12)	13)
ARITHMETIC MEAN	8,167	6,667	8,500	7,167	8,000	8,500	9,667	7,667
STANDARD DEVIATION	1,675	1,106	1,607	2,267	1,633	2,141	0,471	1,886
MODE	10	6	10	5	10	10	10	10

Table 5.1.2.II.): Employees' statistical results for Perceived Quality

The average value of Perceived Quality is **8**, so this dimension is participating in creating a **strong brand** as well. Employees care a lot about good reputation and development of the company (the highest mean is 9.667, the mode value is 10 and the lowest standard deviation is 0.471). Employees think that in the process the company really has been creating better value for its customers. They consider the company as desirable in the Czech Republic as well as in some foreign markets (on foreign markets not so intensively), mostly in Slovak and Russian market. However they think that the company has just a slightly better position on the market than its direct competitors (the lowest mean is 6.667, the mode value is 6 and standard deviation is 1.106) but on the

other side they would say that the company provides markedly better quality of production for which they also respect the company, as well as for its good reputation.

III. Set of Associations

14) I would link STROJIRNA-TABOR the most with:

a) High quality of production and assembly: *8.2* g) Care about customers: *8.5*

b) Strong personality of the shareholder: *9.5* h) Good business relationships: *8.8*

c) Tradition connected with good references: *9.3* i) Image of the firm: *6.8*

d) Production with respect to the environment: *5.3* j) Sponsoring: *4*

e) Service flexibility: *9* k) Innovation: *6.7*

f) Strong positions in the Czech market: *8.2* l) Operation in the foreign market: *6*

15) I think that STROJIRNA-TABOR offers for its required price a value of performed work (0 = poor, 5 = normal, 10 = excellent): *8*

16) STROJIRNA-TABOR is a qualified company in this field: *9.2*

17) STROJIRNA-TABOR is a reliable company: *9.2*

18) STROJIRNA-TABOR is different than other companies' brands in this field: *6.2*

Rankings of factors, in which the company differs, mentioned most often:

1. Complexity of performed work - deep product specialisation (8times)

2. Reliability linked to good business relationships (5times)

19) On a basis of the company's logo, is the company identifiable (0 = not at all, 5 = I don't know, 10 = immediately): *7.2*

Rankings of the logo characteristics mentioned most often:

1. Easy to remember (12times)

2. Clear (10times)

3. Suits the firm (7times)

STATICTICAL FUNCTION	QUESTIONS - BRAND ASSOCIATIONS											
	14a)	14b)	14c)	14d)	14e)	14f)	14g)	14h)	14i)	14j)	14k)	14l)
ARITHMETIC MEAN	8,167	9,333	9,462	5,333	9,000	8,167	8,500	8,833	6,833	4,000	6,667	6,000
STANDARD DEVIATION	1,344	0,943	0,745	2,687	1,155	1,462	1,384	0,687	1,772	1,414	2,134	1,155
MODE	9	10	10	8	10	10	10	9	5	5	6	5

Table 5.1.2.III.): Employees' statistical results for Brand Associations

STATICTICAL FUNCTION	QUESTIONS - BRAND ASS.				
	15)	16)	17)	18)	19)
ARITHMETIC MEAN	8,000	9,167	9,167	6,167	7,167
STANDARD DEVIATION	1,633	1,462	1,067	1,213	1,863
MODE	9	10	10	5	7

Table 5.1.2.III.): Employees' statistical results for Brand Associations

The average value of this category is represented by the value of **7.7**, set of Associations is also making an impact in building a **strong brand**. According to the employees the most significant associations are linked to 'tradition', connected with 'good references of the company' (the highest mean is 9.462, the mode value is 10 and the lowest standard deviation is 0.745) and the 'strong personality of the shareholder'. These factors are followed by 'service flexibility' and 'good business relationships'. On the other hand 'sponsoring' (the lowest mean being 4, the mode value being 5 and the standard deviation being 1.414) and 'production with respect to the environment' are quite unknown. The company is much accounted for reliability and qualification, but it is not perceived as much different from other companies in this field; differential factors are the 'complexity of performed work and reliability'. The company offers fair value for its required price. Lastly, the company is fairly identifiable, according to its logo. Most often the logo is found as easy to remember and clear.

IV. Brand Awareness

    20) I am aware of the long history and tradition of the company: *9*

    21) I consider STROJIRNA-TABOR to be generally know on the Czech market: *6.7*

22) I consider STROJIRNA-TABOR to be generally know on the foreign market: *4 mostly in the Slovak market (14times)*

23) STROJIRNA-TABOR informs its customers about new products (production and assembly): *6.2*

Rankings of informing mediums mentioned most often:

1. Web pages (12times)

2. Presentations on trade fairs (8times)

24) STROJIRNA-TABOR uses promotional tools to communicate its value: *6*

Rankings of promotional tools, the customers are aware of, mentioned most often:

1. Direct marketing (8times)

2. Presentations at trade fairs (7times)

3. Web pages (6times)

25) Had you known this company before you started to work there? *10x no, 6x yes*

26) Name other companies' brands you would think of in this field: *'Direct competitors'*

27) Could you describe what the basis values of STROJIRNA-TABOR are and its visions and mission are? If so, please describe:

10 respondents (all manual workers) weren't able to describe it

Rankings of values mentioned most often:

1. Care about customers and employees (4times)

2. Satisfaction of a customer in all his requirements (3times)

28) Indicate the strengths and weaknesses of STROJIRNA-TABOR according to your opinion:

Rankings of strengths mentioned most often:

1. The complexity of service offered to customers (9times)

2. Quality of production and assemblies (7times)

3. Long tradition (4times)

Ranking of weaknesses mentioned most often:

1. *Company's inside culture, insufficient motivation of the employees (7times)*

STATICTICAL FUNCTION	QUESTIONS - BRAND AWARENESS				
	20)	21)	22)	23)	24)
ARITHMETIC MEAN	9,000	6,667	4,000	6,167	6,000
STANDARD DEVIATION	1,414	1,700	1,528	0,825	1,010
MODE	10	7	5	7	7

Table 5.1.2.IV.): Employees' statistical results for Brand Awareness

The average value of this category is **6.5**. Brand Awareness is representing a part of a **relatively strong brand**. The company is quite visible on the Czech market but very little in the foreign markets (the lowest mean is 4, the mode value is 5 and the standard deviation is 1,528). Company's brand is known for its long history (the highest mean is 9, the mode value is 10 and standard deviation is 1.414); majority of them had known the company before they started to work there. However it uses insufficient promotion for communicating its value to potential customers as well as communication with current ones. They think that web pages and presentations at fair trades once a year is not enough. Direct marketing (informing current and potential customers about special offers, products, and innovations) should also be strengthened. Moreover the employees of the company are mostly not aware of the firm's values nor its vision or mission. They stated some strengths of the company, mostly indicated in the S.W.O.T analysis and for the weakness they consider the firm's internal culture to be most prevalent.

The company's brand evaluated by employees of the company is generally perceived as a **strong brand**. Three parts of brand equity fall into the category of a strong brand (scale values from 7 to 8.4) and one part falls into the category of a relatively strong brand (scale values from 5.5 to 6.9). The strongest part of brand equity from an employees' point of view is created by Perceived Quality with its scale value of 8, followed by Brand Loyalty and Brand Association with the same value of 7.7 and the

weakest part is represented by Brand Awareness with its value of 6.5. These values are converted into percentage values of brand strength in the following chart 5.1.2.V.

Brand evaluation by employees

22%

26%

26%

26%

☐ Perceived quality - strong ☐ Brand loyalty - strong
☐ Brand associations- strong ☐ Brand awareness - relatively strong
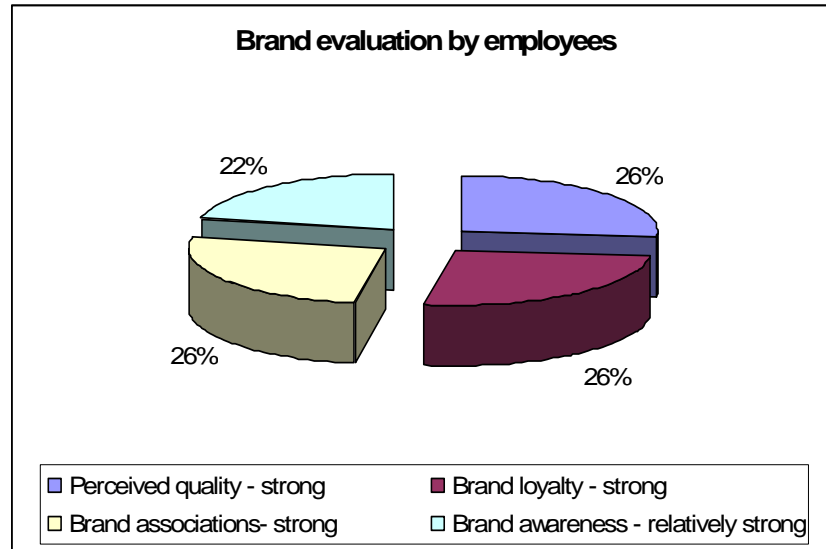
Chart 5.1.2.V.: Brand evaluation by employees

The chart 5.1.2.V. expresses a percentile illustration of particular asset's strengths, together creating the complete brand strength from the employees' point of view.

In this case Perceived Quality, Brand Loyalty and Brand Awareness represent 26% of overall brand strength, and Brand Associations 22% of brand strength.

5.1.3. Comparison of the evaluations

The evaluation of the company's brand by customers and employees is nearly consistent. Both groups agreed on the perception of company's brand as a strong one. Surprisingly the customers evaluated Brand Loyalty and Perceived Quality slightly better than the employees. Perceived quality was indicated as the strongest part of brand equity by both groups. From the customers point of view the Perceived Quality shares first place with Brand Loyalty. Both group's results in the evaluation of Set of Associations, were the same and the weakest part from both sets of results was Brand Awareness. The high rating of Brand Loyalty by customers corresponds with the most

often indicated reasons for co-operation with the company, which indicates a good business relationship. 'The good business relationship' is also the most respected factor and the most significant association with the company, connected with 'the strong personality of the shareholder'. This factor is usually followed by 'good quality'. Employees distinguish from customers by indicating factors such as 'good reputation and tradition' in the first place. But these factors are very closely linked to 'good business relationships' anyway. They also put the 'strong personality' of the shareholder as one of the most significant association. These factors are mostly followed by 'quality of product' and 'service flexibility'. As for the communication tools of the company, customers argue that the only mediums they are aware of are web pages and direct information from the shareholder. Employees claim that the significant aspect is also presentation at trade fairs but otherwise they are not aware of the shareholder's own direct marketing activity. As far as the logo impression, the customers think it is quite unreadable and indistinctive. On the contrary, the employees agreed on the clear impression of the logo. But they both assert that it is easy to remember which is essential for a logo impression. The unread-ability of the logo may be a disadvantage relating to potential new customers. However the CEO of the company argues that for the logo, with its engineering style of writing, is used to evoke thoughts of this industry and thus there is a purpose to the unreadable form. This makes the logo faster to remember.

Generally the employees are more critical to the company's brand evaluation. We can say that it refers to the mentioned weaknesses, namely the insufficient internal firm's culture. They don't feel they are involved in the brand development as much as they should be. Moreover the company's brand factors are not really communicated to them because the majority of employees weren't able to describe what the company's vision, mission and values are. According to the presence of high standard deviations in the employees' questionnaires, it can be said that the respondents weren't quite unified in their answers. It is more likely caused by diversity of the employees' group. Generally, the employees' posts, comprising of management and finance and accounting, are more

aware of the company's brand characteristics; its vision, mission and values. And they are also more satisfied with the firm's culture and working conditions than the group of manual workers.

A similar questionnaire, aimed at both groups, was given to the shareholder; to compare how much the evaluation differs from customers' and employees' point of view. The results are the same as the ones of both groups. Dimension of Brand Loyalty (value 7.9), Perceived Quality (value 8.2) and Set of Associations (value 7.7) fall into the category of the strong brand, Brand Awareness (5.6) to the relatively strong brand. For the last dimension the shareholder was even more critical than both other groups. Hence the shareholder is aware of the insufficient use of marketing tools but he claims that it is not necessary to spend expenses on them because thus far, customers contact STROJIRNA-TABOR and not the other way round. Gained customers are then treated with individual care.
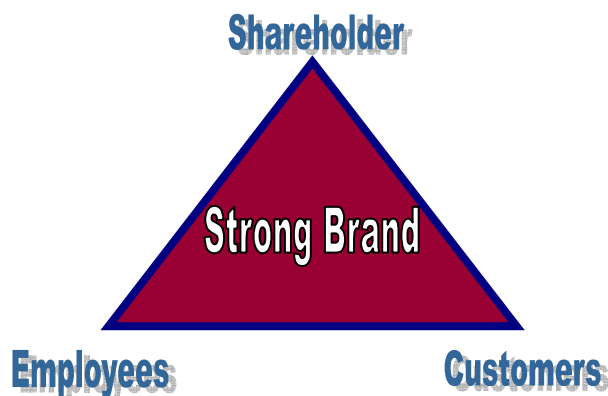
Figure 5.1.3.: Depiction of the final result of company's brand perception from marketing point of view

The figure 5.1.3. depicts the correspondence of the final results of all three questionnaires, namely the customers', employees' and shareholder's questionnaire. All groups agreed that the majority of brand assets of the company STROJIRNA-TABOR are perceived as being strong.

5.2. Financial (Qualitative) approach

5.2.1. Reason for using chosen method

It was mentioned before that there is no precise financial brand valuation method and that each method differs in calculation. In the case of STROJIRNA-TABOR it is quite difficult to decide on the right approach. Considering the financial approaches the view has been taken that for calculation of this brand, it would be complicated to use cost-based valuation, because there haven't been any accumulated costs focusing on pure brand building. The market-based valuation cannot be used either because the required data of other very similar companies are not publicly available. As for the income-based valuation, future earnings of STROJIRNA-TABOR are rather unpredictable. Profit earned depends on work contracts the company gains in the Czech and foreign market. Higher profit is usually gained through foreign markets but the company's position on these markets is changeable. Therefore **organization-based valuation using Price/Earnings approach** is recommended.

Using the P/E approach is quite popular on the western markets. However this approach is not very common on the Czech market, where using the P/E ratio as a tool to help with investment decisions doesn't have a long tradition. This approach works with some unstable variables, causing inaccuracy and making a range of values, rather than obtaining a precise number. Therefore this method would be appropriate to use in the comparison of various brand values on the same market, as opposed to the brand evaluation for sale. In addition the P/E approach focuses exclusively on current brand value on the market using the profit of a company from the current year only. It is mainly caused by difficult predictability of the P/E ratio development for a particular market. Thus, this method suffers from a lack of long-term view on the brand value developing in time. The long-term view would bring steadier core brand value and it would eliminate some possible changes in variables.

Most of the modern brand valuation methods for instance based on Discounted Cash Flow or Discounted Economical Value Added don't use historical data for calculations; it is only used to help with prediction of future brand development. P/E approach is considered as an alternative method to these modern ones based on future prediction because it deals with current data. Therefore this approach is suitable for STROJIRNA-TABOR as this company has difficulties to predict future earnings.

The required data for this method is taken from the Financial Statements of the company STROJIRNA-TABOR, namely Income Statements and Balance Sheets for the accounting period from 01.04.2007 to 31.03.2008.

ITEMS	CZK
Operating Income	7 853 000
Non-operating Income	468 000
Income before Income Tax	*8 321 000*
Income tax	-1 668 000
Income (profit) after Tax for current accounting period (PAT)	**6 653 000**

Table 5.2.1.a): An extract from the company's Income Statement

ASSETS	CZK	EQUITY AND LIABILITIES	CZK
Fixed Assets (less depreciation)	*13 299 000*	*Owner's Equity*	*25 816 000*
Long-term Tangible Assets	13 299 000	Basic Capital	100 000
Long-term Intangible Assets	0	Capital Funds	0
Long-term Financial Assets	0	Reserve Fund, Indivisible Fund, Profit Funds	94 000
		Retained Income from previous years	18 969 000
		Trading Income for current accounting period	6 653 000
Current Assets	*39 051 000*	*Liabilities (Outside Sources)*	*26 946 000*
Inventory (Stock)	6 012 000	Current Liabilities	26 214 000
Cash and Cash Equivalents	19 080 000	Long-term Liabilities	732 000
Short-term Accounts Receivable	13 959 000	Bank Loans	0
Long-term Accounts Receivable	0	Reserves	0
Accrual Accounting (deferred expenses)	*412 000*	*Accrual Accounting (deferred revenues)*	*0*
Total Assets	52 762 000	Total Equity and Liabilities	52 762 000

Table 5.2.1.b): An Extract from the company's Balance Sheet

Other data needed for this method is the average multiple of the Price/Earnings ratio for the overall agricultural machinery and construction industry. It is taken from websites of Finance Yahoo (or Reuters). The P/E ratio for the Czech sector only is not available but it was approved by financial adviser of the Czech National Bank that the P/E ratio stated in the table 5.2.1.c) can be used as a representative sample.

Market Capitalization:	67B
Price / Earnings:	12.8
Price / Book:	2.5
Net Profit Margin (mrq):	3.3%
Price To Free Cash Flow (mrq):	-35.4
Return on Equity:	14.7%
Total Debt / Equity:	2.6
Dividend Yield:	2.9%

Table 5.2.1.c): Statistics of Farm and Construction Machinery Industry (Finance Yahoo, 2009, source: http://biz.yahoo.com/ic/620.html)

5.2.2. Application of the method

1) Calculation of a Value of the company – using P/E approach

Formula: **Profit after Tax multiplied by an average P/E ratio for the industry**

6 653 000 CZK * 12.8 =   85 158 400 CZK

The calculated value of the company should to be reduced by 40%, as the company is a private company and it operates on the market with low liquidity.

(40% was recommended by financial adviser as a suitable for this type of company)

85 158 400 CZK * 0,4 = 34 063 360 CZK

85 158 400 CZK – 34 063 360 CZK = **51 095 040 CZK**

The value of the company is approximately 51 095 040 CZK.

2) Calculation of Net Asset Value – 'book' value of the company

Formula: **Total Assets less Total Liabilities**

52 762 000 CZK – 26 946 000 = **25 816 000 CZK**

The book (floor) value of the company is 25 816 000 CZK. It is the value of the owner's equity.

3) Calculation of Intangible Assets

Formula: **The value of the company less Net Asset Value**

51 095 040 CZK - 25 816 000 CZK = **25 279 040 CZK**

The value of Intangible assets is 25 279 040 CZK.

4) Derivation of Brand value

The value of the company's Research and Development costs were estimated by an official financial referee at 7 868 652 CZK as well as the value of Software installed was estimated for 48 000 CZK.

(Listed in the Attachments to the Balance Sheet for the period from 01.04. 2007 to 31.03. 2008; but they are not included in the Balance Sheet)

These sums are part of the Intangible assets. By deducting these values from Intangible assets we are getting closer to the value of the company's brand.

25 279 040 CZK – 7 868 652 CZK – 48 000 = **17 362 388 CZK**

It needs to be considered that the company doesn't own any trademark or patent yet. Also it doesn't possess any market position intangibles. Therefore this sum more likely contains brand relationship intangibles and business intangibles linked to knowledge intangibles according to Haigh's definition of Intangible assets (see chapter 3.4). It is supposed that this combination of business and knowledge intangibles contain the human capital related to the specific company's know-how of manufacturing techniques and innovations, but it hasn't been estimated. A part of this know-how is already considered in the value of the R&D. According to the financial referee this value can be another 2 000 000 CZK. Therefore, it can be said that the company's brand currently lies between range of values approximately from **15 362 388 CZK to 17 362 388 CZK.**

<u>**Sensitivity analysis:**</u>

The average profit of this company for seven previous years remained about 6 million CZK. Two years of this seven year period, the profit was doubled due to large operations in foreign markets which might repeat in the near future again. Thus, the company's profit can unpredictably vary; the average P/E ratio for the industry is also moving and the stated coefficient for private companies and market liquidity considering the P/E approach can also change by adapting to a current company's situation. Because of the very inaccurate results, a sensitivity analysis should be undertaken to show a possible range of values, depending upon changing conditions. Hence, the sensitivity analysis should be based on several assumptions. In the table 5.2.2., only one assumption in a line is always changed, other figures remain the same as in the above core calculation, thus PAT is 6 653 000 CZK, P/E is 12.8 and the charge for private company and market liquidity is 40%.

Assumptions	Value of the company (in CZK)	Net Asset Value (in CZK)	Value of Intangible assets (in CZK)	Value of R&D and Software (in CZK)	Approximate brand value (in CZK)	Less other possible intangible assets (in CZK)
core calculation	51 095 040	25 816 000	25 279 040	7 820 652	17 362 388	15 362 388
Decreased profit by 10%	45 985 536	25 816 000	20 169 536	7 820 652	12 252 884	10 252 884
Increased profit by 10%	56 204 544	25 816 000	30 388 544	7 820 652	22 471 892	20 471 892
Lower P/E 11.2	44 708 160	25 816 000	18 892 160	7 820 652	10 975 508	8 975 508
Higher P/E 14	55 885 200	25 816 000	30 069 200	7 820 652	22 152 548	20 152 548
Charge for private company and market liquidity 30%	59 610 880	25 816 000	33 794 880	7 820 652	25 878 228	23 878 228
Charge for private company and market liquidity 50%	42 579 200	25 816 000	16 763 200	7 820 652	8 942 548	6 942 548

Table 5.2.2.: Sensitivity analysis

The table 5.2.2. shows how small changes in assumptions can make quite different results. There are examples of slight profit volatility that happened in previous years and volatility in the P/E ratio or just considering a fact that the company lies in the lower or higher end of the average P/E for the industry. Another factor to be considered is that this company may have higher or lower liquidity on the agricultural machinery and construction market.

It is presumed that the company's current and standard profit is about 6 million CZK and this profit is as a core profit in the calculations of brand value. The most notable change of the result would occur by involving the high doubled profit into the estimation. Then the value of the company's brand would double as well. However the

company is not able to predict whether it gains such a profit in the following years. It depends on the tender and competitive examinations on the foreign markets.

Therefore, considering only slight changes in assumptions stated in the table above the current range of brand values varies approximately from 6 to 25 million CZK and the core current value varies from 15 to 17 million CZK. Considering significantly higher profit due to operations in foreign markets, brand value would be doubled. These possible assumptions confirm that the brand valuation is not an exact science and it is influenced by a lot of unstable factors that can change day by day.

A similar range of values, indicating the difference of estimation, about $20 million is shown in the figure 3.5.1.3.f): 'Divergent estimates of brand value by Interbrand and MillwardBrown'. Each of them considered different factors and their importance for their evaluations. Again, it confirms that the discipline of brand valuation is diverse and un-settled as of yet.

6. RECOMMENDATIONS

Based on the results of the marketing approach it is possible to say that STROJIRNA-TABOR is perceived as a strong brand. It is plausible that STROJIRNA-TABOR could be perceived as a very strong brand, by applying some strategic changes to its brand management. The suitable B2B brand strategy together with the recommended marketing tools is based on building **combination of company's brand name with branded products**. The brand strategy is not a reaction to the market's needs; it is rather, highlighting what a relatively successfully company does and what it can do even better for the future. This strategy was chosen because it refers to the company as a whole, the brand identity of STROJIRNA-TABOR and at the same time, providing diversification in the line of the business.

In addition, the recommended improvements of the company's brand assets, linked with the implementation of the chosen brand strategy, are at the same time related to the final phase of the brand analysis. The last step of brand analysis is the strategic implementation of brand identity from communication, differentiation and innovation points of view; they are adherent to positioning (see chapter 3.6.). STROJIRNA-TABOR knows personally, the target market and its customer's needs and expectations. Now it needs to concentrate on improving particular components of positioning, so the company's brand will be enduringly embedded in customers' minds. One particular part of the brand assets is perceived to be weaker than the others, namely Brand Awareness. Therefore, enhancement of the company's communication should be focused on. For all companies it is very important to actively influence its customers using appropriate tools and not to leave the company's perception solely to the customer's perception. The whole brand strategy will primarily help to improve the Brand Awareness.

6.1. Building the company's brand name

First of all, while building a company's brand name, the company needs to be unified from the inside; it requires that the company behaves as a unified entity. After the brand strategy is implemented within the company, the brand image can then be spread to the outside.

One of the weak points; arising from the employees' questionnaires and SWOT analysis; is *the firm's disjointed internal culture*. Employees have a lack of information about the company's vision, mission and values, thus the brand's characteristics also suffer. They should be involved in the brand development because after all, employees are one of the elements that create and spread the company's brand image. The majority of answers from employees' questionnaires said that they care about the company's development, therefore the CEO should emphasise the communication of the brand strategy to them. It would enhance the working motivation if they feel they are part of the process. The first step could be a *special training seminar or conference* where both parts, employees and CEO, would participate. Everybody would obtain sufficient knowledge about the company's future existence, its vision, mission, values, goals and planned strategies and the staff's importance would be highlighted and their role within brand development would be explained. This should lead to a systematic change in employees' thinking.

The training/conference could be a one-off and led either by an outside lecturer/trainer; a professional who would be aware of the current situation, or by the shareholder of the company. He was found to be a strong personality and passionate leader, who understands his company and the direction it would like to move in, the most. The second option would markedly lower the costs, which would be equal to the opportunity costs of one lost working day. Nowadays the cost of hiring a lecturer for this type of training varies from 3 000 to 7 000 CZK/a day. Even though the training would be once-off the shareholder shouldn't forget about a *post-training up-keep of the gained knowledge,* which would run over time. This fact is usually forgotten in many cases; thereby the training looses its significance. The post-training up-keep could be

maintained with details such as posting news, overview of current work contracts with photos and highlighting good references in the employee's common room/eating room. Moreover there should be a list posted of the company's brand attributes and what has been said in the training. After the training, periodic meetings between the CEO and employees is necessary to maintain the spirit of the original training. It helps the staff believe that the brand development takes place inside the company as well as outside. The training is priority number one and should be put into process immediately. (Buckley and Caple, 2004)

Another step of company's brand name building would be the creation of a brand 'story' for the company. ***Storytelling*** is a way to communicate the brand; it should include the company's history and tradition, position in the market and quality of the production and ability of its innovation (know-how). These three basic topics may appear in some form in a company's slogan. The company has never had a slogan, but storytelling could be the first step in starting the slogan and thus would be linked with the storytelling. The employees of the company could be involved in the slogan creation to support the employees' participation in the brand development.

a) *Direct marketing and Sales promotion*

A method of promoting the storytelling presentation is using the recommended tools for marketing communication, suitable for B2B markets (see Figure 3.6.2: Tools of marketing communication for strengthening brand value used in B2C and B2B markets). One of them is direct marketing; within this activity the firm's catalogue would be created, providing information about the history of the company, updating the company's portfolio, and innovations but also partly telling the company's brand story and its development. The catalogue enhances the brand image. It would be regularly posted once every 1-2 years, to the customers and be used during the exhibitions on fair trades as well. Due to big catalogue expenses which are estimated to approximately 10 000 CZK per catalogue, its production shouldn't exceed its actual need. Therefore it would be aimed only at very loyal customers, used during the company's presentations and also posted to the important potential customers.

This opens another related problem which is <u>customer segmentation</u>. To find the very loyal customers the company should establish a well-arranged database where its customer would be more precisely divide into loyal, occasional and those in between. This database would also be linked with direct marketing activities. In this company direct marketing is linked to the sales promotion. Special offers, discounts but also information about innovations, are communicated to the customers directly by the shareholder in the form of letters, phone-calls, and e-mails. They are aimed at loyal customers, but not in such a volume that every loyal customer would become aware of that. Therefore for a better overview of the company's customers is needed.

After a discussion with the shareholder of the company, a model of customer segmentation according to the level of loyalty was drawn up, indicated in the following tables 7.1.a), b), c):

Level of loyalty	The average amount of works contracts / year	The average amount of sales revenues / year		
		Category A	Category B	Category C
Less loyal	1x / 4-5 years	< 1 000 000 CZK	1 000 000 - 3 000 000 CZK	> 3 000 000 CZK
Standard loyal	1x / 2-3 years	< 1 000 000 CZK	1 000 000 - 3 000 000 CZK	> 3 000 000 CZK
Very loyal	1x and more / 1 year	< 1 000 000 CZK	1 000 000 - 3 000 000 CZK	> 3 000 000 CZK

Table 6.1.a): Segmentation of customers according to the loyalty on the agricultural technologies market – complete technological devices

Level of loyalty	The average amount of works contracts / year	The average amount of sales revenues / year		
		Category A	Category B	Category C
Less loyal	1x / 4-5 years	< 200 000 CZK	200 000 - 500 000 CZK	> 500 000 CZK
Standard loyal	1x / 2-3 years	< 200 000 CZK	200 000 - 500 000 CZK	> 500 000 CZK
Very loyal	1x and more / 1 year	< 200 000 CZK	200 000 - 500 000 CZK	> 500 000 CZK

Table 6.1.b): Segmentation of customers according to the loyalty on the agricultural technologies market – small scale businessmen

Level of loyalty	The average amount of works contracts / year	The average amount of sales revenues / year		
		Category A	Category B	Category C
Less loyal	1x / 4-5 years	< 1 000 000 CZK	1 000 000 - 2 000 000 CZK	> 2 000 000 CZK
Standard loyal	1x / 2-3 years	< 1 000 000 CZK	1 000 000 - 2 000 000 CZK	> 2 000 000 CZK
Very loyal	1x and more / 1 year	< 1 000 000 CZK	1 000 000 - 2 000 000 CZK	> 2 000 000 CZK

Table 6.1.c): Segmentation of customers according to the loyalty on the engineering market

The above tables show various combinations of customer loyalty in two different markets. Moreover the agricultural technologies market is split into two subcategories "complete technological devices" and "little subscriber's sphere". The basic segmented factors of loyalty are the average amount of work contacts per period of time and the average amount of sales revenues per year, divided into three categories. The customer who doesn't repeat his business with this company once per 5 years or less falls into the category of causal customer (or those "in between" which would depend on further company's division). Five years is the cut of point between loyal and casual customers. The tables enable a clear view of customers which should take preference within the company's schedule. Moreover according to the tables the company could better aim its direct marketing activities considering the importance of certain customers for the company.

The tool of direct marketing should be considered as a high priority to implement, because it's directly connected with brand building strategies. The segmented database is not financially demanding as it just requires doubling the direct marketing activities that the company already undertakes, in order to perform them more precisely. These activities are then strengthened by publishing the company's catalogue. Considering the

global current financial recession it is reasonable to wait with the catalogue expenses till the year 2010.

Building a company's brand name is probably the cheapest version of brand strategy because it focuses on one thing, the company as a whole. At the same time it is dangerous because if something goes wrong regarding the products, services or employees then it will impact the whole company' reputation.

6.2. Building branded products linked with the company's name

Branded products require a segmentation of the company's production into certain product categories. These categories will be given appropriate names and symbols to identify them. Part of the name and symbol would always be the company's brand name. The symbol of the brand would be placed on each product from the particular category, together with the CE mark of quality. Complementary products such as software and project documentation would be labelled as well. Each product category could build its own position on the market under STROJIRNA-TABOR's competence. The two main complex productions are:

- ✓ Production and assembly / reconstruction and modernising / of technological devices for cereal storing silos
- ✓ Production and assembly / reconstruction and modernising / of technological devices for fodder producing plants

Firstly these need to be branded as complete products and then their parts can be branded individually. Each group of technological devices and machinery used for silos and fodder mixture contains several sub-products which are further divided according to the type, capacity, size and use. Each group should be given an appropriate brand name to make them more specific and recognisable on the market. It should have its own specific design always accompanied by STROJIRNA-TABOR's logo. The groups of technological devices are as follows:

- ➢ Screw conveyors and redler conveyors
- ➢ Bucket elevators
- ➢ Descent transport elements
- ➢ Dust separators

Thus, in the beginning, just a few of the company's activities, for which it is well-known, could come under this new branding strategy. The rest of the company's products would remain the same until the result of the main company's activities proved competent; as in, the customers start to use these new branded terms freely. The chosen brand names would be used for external communication with customers, presentations in the firm's catalogues and on trade-fair exhibitions. At the start, the two main branded products should be supported by the firm's campaign in specialised media, to call attention to the slight but beneficial change and in general, enhance the brand awareness.

b) On-line advertising

The number one media support is on-line advertising, another marketing communication tool. It represents one of the most suitable forms of media support as nowadays people prefer to look up information on-line, rather than in prints, it is also the fastest way of getting information. There are several options for on-line advertising. For the **Czech market** the firm can use advertising in the form of a <u>banner – advertising box</u> on appropriate internet servers, for instance Agro-seznam.cz, or in the form of a <u>sponsored link</u> in Seznam.cz in the "Firms" section - the specialisation in agriculture technologies. The advertising box in Agro-seznam.cz would cost approximately 1000 CZK/month and Seznam.cz charges the sponsored links 1000 CZK/month for 600 displays monthly. For the **foreign market** advertising programs in English and/or German need to be created, to be placed on appropriate internet search site; for instance paid links displaying the company's web address in prominent positions. One of the most appropriate sites would be the <u>Czech Trade organisation</u>. They charge its customers approximately 6 500 CZK yearly per one key word in the search line.

Another already mentioned form of on-line advertising is the company's web pages. STROJIRNA-TABOR's web sites are well-arranged, informing about product range, production and price lists, also describing its history and tradition. They provide information in two foreign languages: English and German. The web pages need to be updated, not only in terms of the presentation of branded products but also in terms of references. Information about successful operations on foreign markets is completely missing. There is lack of information about the firm's participation in trade-fairs, emphasis on using unique innovative production processes and reference to successful co-branding. Good long-term business relationships and care about customers should be briefly described to the company's potential and occasional customers so they would be aware of the company's main strengths. Information about environmentally friendly production methods and the sponsoring of some sporting events should also be highlighted. So in this case the talked about expansion only refers to the enlargement and updating of the company's web pages. These changes can be made by an employee of the company who created and maintains the web site.

The implementation of the on-line advertising should be delayed until the brand name building is properly finalised. The company should focus on the on-line activities in sequence, to not to make such a cost burden for the company. One of the opportunities stated in the SWOT analysis is penetrating to foreign markets. As foreign markets represent a source of high profit, the firm should pay attention to its marketing communication towards these markets. Firstly, in 2010 the company should invest in advertising in the Czech Trade organisation and in the following year continue with either the box advertising or the sponsored link advertising in one of the recommended sites. This would be just a short-term solution to highlight the brand development (the campaign) on the Czech market, they are both financially demanding.

c) Print media support

In the case of this company investment in newspapers and magazines specialising in agricultural technological devices would be the wisest choice; for instance Ekotech or

Agrární obzor. This option was evaluated and turned down from an economical point of view, because it was thought that on-line advertising and this investment together would out way the return.

d) *Event marketing and sponsoring*

The company participates in trade-fairs once a year and it also sponsors some sporting events (namely football and horse-riding). However, both marketing tools are quite unknown by its customers. They should be better promoted, at least in the web pages.

The **strategy of branded products** and their awareness would bring several advantages. Firstly, it is a clear and unambiguous message for customers. Secondly, it leads to distinction from the competitors (one of the weak points of the company taken from the marketing research was that the company is perceived as being very similar to its competitors). Lastly, the essential values of company's brand would be a part of the branded products as well.

The first major problem of the **overall brand strategy** is the question regarding who will be in charge of the company's brand building, if there should be a brand manager or would the CEO take on the responsibility. For a company which hasn't thought about brand management before it will be difficult to smoothly incorporate the brand strategy into the company's processes. The same research regarding brand equity (marketing and financial) should be undertaken after 3 to 5 years, to find out if the implemented brand strategy has been successful and the brand awareness has increased. At this time the potential customers of the company should be involved too especially for evaluating the impact of on-line advertising, as well as the customers on engineering markets to evaluate penetration of the brand to other industries.

The company's brand was financially evaluated at approximately 16 million CZK, which appears to be a healthy value for this type of industry. Therefore the brand potential should be maximised, and consider brand management in the future plans and strategies. A Strong brand is a very valuable tool for a company, connected with significant earning potential.

7. CONCLUSION

This diploma thesis dealt with the question of brand equity and its perception. From a qualitative point of view, brand equity is defined by five major assets: Brand Loyalty, Perceived Quality, Brand Awareness, Brand Associations and Other Proprietary Brand Assets. The quantitative perspective looks at brand equity as a financial value. These two perceptions, quantitative and qualitative, explain brand equity from different angles but are not in actuality interconnected; however it is essential to focus on both.

The core research attempted to ascertain the brand equity of the chosen brand the company STROJIRNA-TABOR s.r.o. This company operates on the agricultural machinery, technology and construction market, the B2B market. According to the results, eventual recommendations where then proposed to help strengthen this brand. To ascertain the brand equity, a brand analysis was undertaken.

First, the brand identity had to be decided upon, this can fall into one of four major categories product, trademark, organisation and person. The examined case study was perceived as an organisation.

Secondly, for brand equity estimation the brand valuation from marketing and financial perspectives was made to determine the brand strength and its perception, also to get the financial value of the brand. On a certain day the financial value was estimated in the approximate range of 15 362 388 to 17 362 388 CZK, but with small changes in the variables, which happen on a day to day basis, these figures were extended to the range 6 to 25 million CZK, approximately. It confirmed the statement that brand valuation is not an exact science; it depends on current assumptions of a valuation. Brand strength was evaluated externally and internally; from a customers', employees' and the shareholder's point of view. All groups agreed that the perception of the company's brand was strong, but also that Brand Awareness was the weakest asset.

For the final part of the brand analysis, a brand strategy was proposed to possibly shift the overall brand strength from strong to very strong and marketing communication tools were suggested for promoting the brand strategy but also for enhancing the

weakest asset, Brand Awareness. These were chosen, keeping in mind the particular type of company it is and the type of market the brand operates on. Even as the brand was analysed as being strong, its potential should be used to galvanise its strength; stronger brands are connected with more return, for less risk. A Well-established brand is one of the best tools for ensuring inflow of long-term profit.

The overall research underlines that a brand is becoming an important differential element also on the B2B market. Evidently, customers make decisions not only according to a price and quality but also business relationships, customers' care, traditions, experience, references, trust and reliability. These factors characterize B2B brands.

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▪Úřad průmyslového vlastnictví (The Intellectual property office). *Patent* [online]. ©2008 [cit.2008-11-17]. Available: **<**http://www.upv.cz/cs/prumyslova-prava/vynalezy patenty.html**>**

▪Vláda České Republiky (The Government of the Czech Republic). *Euroskop.CZ: České zemědělství mezi nejméně produktivními v EU* [online]. ©2008 [cit. 2009-02-

17]. Available: **<**http://www.euroskop.cz/38/10489/clanek/ceske-zemedelstvi-mezi-

nejmene-produktivnimi-v-eu/**>**

▪WebFinance – Investorwords. *Mode definition* [online]. ©1997-2009 [cit. 2009-26-
01]. Available: <http://www.investorwords.com/3081/mode.html>

▪WebFinance – Investorwords, *Total Assets definition* [online]. ©1997-2009 [cit. 2008-
11-17]. Available: <http://www.investorwords.com/5975/total_assets.html>

9. SUPPLEMENTS

Supplement No. 1: Structured interview questions with the shareholder

Company's brand identity and its characteristics:

1) Do you think that STROJIRNA-TABOR is known among customers as a whole company or it is known more through certain products/services?

2) Does the company own a trademark or any kind of legal protection regarding for instance the production? (e.g. a patent)

3) In the case that the company doesn't own a trademark, do you think it should one?

4) Could you briefly summarise what is the purpose of the company's existence?

5) How would you characterise the company's vision, mission and values?

6) What are the current short-term goals of the company and long-term goals for the future?

7) Could you describe the strengths and weaknesses of the company and highlight the most important ones?

8) Are there any opportunities for STROJIRNA-TABOR which could be used to strengthen the company's position?

9) Are there any outside threats which may endanger the company?

10) Does the company co-operate with any other company on a regular basis to provide products and services to customers?

11) If it is so, describe what the company (companies) does and describe the volume of your co-operation.

12) Has the company accepted the Total Quality Management (ISO norms) within its processes?

13) Does the company uses any other sign of quality?

14) What is the attitude of the company with regard to environmental issues?

15) How do you promote the company on the market? What marketing tools do you use?

Company's business environment (market, competitors, customers, suppliers)

16) How would you specify the market the company operates in?

17) Do you think that customers are indifferent to their choice of supplier on this market?

18) What are, according to your opinion, the most decisive factors for customers while choosing a supplier on this market?

19) Does the company operate only on this market or does it penetrates other industries as well? If so, which ones?

20) How would you describe your direct competitors (firms with the same major specialisation)?

21) How many of the direct competitors does the company have? Could you state some of them and briefly specify their characteristics?

22) Is the rivalry among those companies strong? Is there any advantage which STROJIRNA-TABOR may have over these competitors?

23) Is there many new emerging firms on this market strong? What chances do the new companies have if they want to enter this market in the Czech Republic?

24) How would you describe your customers?

25) On the basis of what factors do you segment your customers?

26) Does the company have stable customers and how much in relation to the whole number of your customers?

27) Is the company an exclusive supplier to any customer?

28) How do you maintain your loyal customers and how do you gain the new ones?

29) How would you describe your suppliers?

Supplement No. 2: Statistical definitions

Definition of Arithmetic Mean:

"Arithmetic mean is a mathematical representation of the typical value of a series of numbers, computed as the sum of all the numbers in the series divided by the count of all numbers in the series."

(Investopedia ULC, 2009, source:

http://www.investopedia.com/terms/a/arithmeticmean.asp?viewed=1), (Trešl, 2003)

Definition of Standard Deviation:

"Standard deviation is a measure of the dispersion of a set of data on either side from its arithmetic mean value. A low standard deviation indicates that the data set is clustered around the mean value whereas a high standard deviation indicates that the data is widely spread with significantly higher/lower figures than the mean."

(Investopedia ULC, 2009, source: http://www.investopedia.com/terms/s/standarddeviation.asp), (Trešl, 2003)

Definition of Mode:

"Mode is an average found by determining the most frequent value in a group of values."

(WebFinance, 2009, source: http://www.investorwords.com/3081/mode.html), (Trešl, 2003)

Supplement No. 3: The scale of brand strength

- ▪ Values from 8.5 to 10 - very strong brand
- ▪ Values from 7 to 8.4 - strong brand
- ▪ Values from 5.5 to 6.9 - relatively (rather) strong brand
- ▪ Values from 4.5 to 5.4 - boundary-line between strong and weak brand
- ▪ Values from 3 to 4.4 - relatively (rather) weak brand
- ▪ Values from 1.5 to 2.9 - weak brand
- ▪ Values from 0 to 1.4 - very weak brand

The scale of brand strength for marketing evaluation of brand equity was constructed according to Aaker's recommendations for the questionnaire's scale of 0 to 10 and also according to his division of brand strength, which is as follows:

- Very strong brand
- Strong brand
- Relatively strong brand
- On the border of strong and weak brand
- Relatively weak brand
- Very weak brand

(Aaker, 1991)

Supplement No. 4: Products of STROJIRNA-TABOR
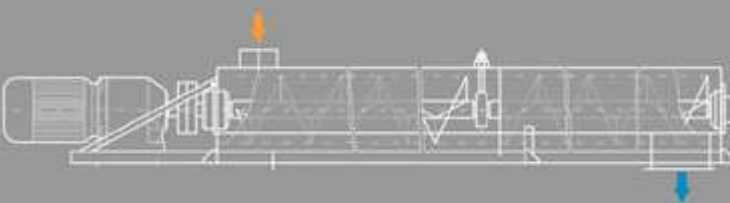
FODDER PRODUCING PLANTS / FODDER MIXTURE PLANTS
The concept of the fodder producing plants for the utilization and processing of feeding raw materials produced in a mild climate zone i.e. above all of cereals (and of products yielded from them), secondary products from the processing of rape and sunflower, even various utilizable waste products from the meat, diary, fermenting industry and so on. The producing process is continual. It can be partially or entirely automated. Work of attending staff is mostly limited to the following of function and to the correction of the automated control system, and/or to the setting-up of some machines according to data of the control system, occasional cleaning of the equipment and it's normal adjustment. The control room is a permanent workplace. The operating spaces have a character of walk-around workplaces. Quality of produced fodder complies with the requirements for the nurture of animals it is intended for. Its precise definition forms, in individual cases, are the subject matter of the contract. The granulating line is as a fully integrated part of the technology of the producing plants of feeding mixture is stated only in a variant of the universal producing plant with capacity of 10 t/h and more. But it can be introduced even to smaller equipment, and/or as an additionally supplied device. In a similar way can be also solved the enrichment of mixtures with fat, molasses, or with another liquid ingredients.

PRESSING PLANTS FOR VEGETAL OILS
The concept of the pressing plants is designed for the treatment of oil-plants produced. Oil is obtained by pressing from sunflower or rape seed, pre-treated by crushing and - as the cause may be - by flocculation, with large presses possibly also by preheating the material in the flake heater. The installations of the pressing plant make it possible to take in the raw material. Further, the seed is transferred by manipulation lines to the final cleaning and then to the feeding bin situated directly above the presses. The pressed-out oil is conducted into the manipulation tanks and from these to the further treatment. Also manipulation with the oilcakes forms a part of the pressing plant; they are by transport lines stored in the dispatch bins. The raw oil from the presses is, as arule, at first filtered on a screen filter. The rough sediments are separated and returned to the presses. The oil is further treated by fine filtration an a special sluicing filter. After a check in an interoperation tank the treated oil is transferred to the storage tanks. The production process is continuous. The quality of the oil produced complies with the demands for the application in food industry.

SCREW CONVEYORS	
type	capacity
DŠK 100	3 t/h
DŠK 160	6 t/h
DŠK 200	12 t/h
DŠK 250	20 t/h
DŠK 320	29 t/h
DŠK 400	40 t/h
DŠK 500	50 t/h
DŠK 600	60 t/h
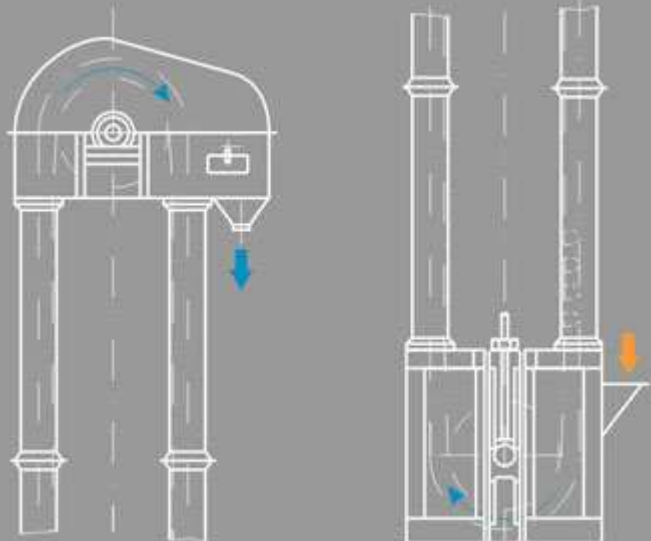
PIPE SCREW CONVEYORS TŠ 160, TŠ 200, TŠ 250 A TŠ 320
 - Suitable for transport of cereals and mixtures to ascent higher than 25 degrees. Capacities are various and depend on ascent.

EXPORTING PIPE AND REDLER CONVEYORS
 - Suitable to be placed under the storage bins or as a dosage device for weighting machines.

BUCKET ELEVATORS		
type	capacity	use
EK 100	5 t/h	suitable for cereals and groats
EK 155	30 t/h	suitable for cereals and groats
EV 100	30 t/h	suitable for cereals
EV 155	60 t/h	suitable for cereals

Lower elevator head can be made to move the bottom of the head while tightening the belt conducting drum (constant distance between the drum and elevator bottom is secured).

type	capacity	use
RT 160	30 t/h	suitable for cereals
RT 260	65 t/h	suitable for cereals
RT 360	120 t/h	suitable for cereals
RTD 160	30 t/h	suitable for cereals
RTD 260	65 t/h	suitable for cereals
RTD 360	120 t/h	suitable for cereals
RTV 160	30 t/h	suitable for cereals
RTV 260	65 t/h	suitable for cereals
RTV 360	120 t/h	suitable for cereals
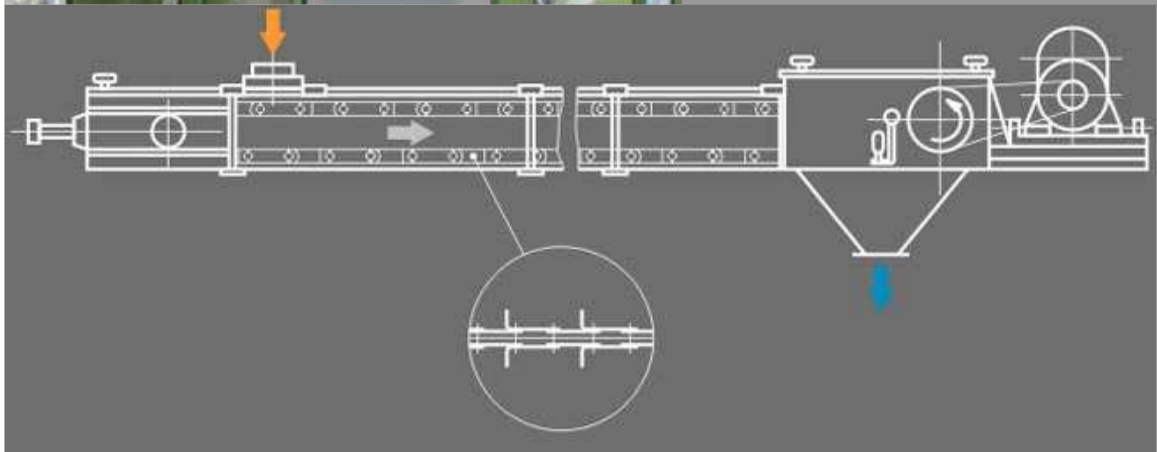
All of the mentioned redler conveyors could be optionally produced in un-residual version. Either to avoid noisiness or to extend life it is possible to cover the transport chain using plastic protectors. Plastic protectors may not be used in case of the un-residual version.

DESCENT TRANSPORT ELEMENTS AND DUST SEPARATORS

Flaps, blocks manually, electrically and pneumatically operated, descent transport pipelines, dust separators etc. For more information go to price list.

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QUESTIONNAIRE: BRAND PERCEPTION AND BRAND EQUITY OF THE COMPANY STROJIRNA-TABOR FROM THE CUSTOMER'S POINT OF VIEW

INSTRUCTION MANUAL:

Please, evaluate the following statements on the scale of 0 to 10, the ends of the scale express extremes:

0 = the worst / the least / absolutely not / absolutely negative view of the company

10 = the best / the most / absolutely yes / absolutely positive view of the company

$0 \rightarrow 4$ = abating negative feelings

The medial rate 5 = rather neutral attitude towards the company / on average / do not know / the same as direct competitors of the company

$6 \rightarrow 10$ = increase in positive feelings

You can use the whole numbers from 0 to 10. Some questions must be also answered verbally, you can write more than one answer.

Please, mark your gender and age category:

Male ☐ Age category: 20-29 ☐ 30-39 ☐
Female ☐   40-49 ☐ 50-59 ☐
    60 and more ☐

CUSTOMERS SATISFACTION AND LOYALTY

1) STROJIRNA-TABOR fulfilled (fulfils) my expectations:

0 = absolutely not 5 = on average 10 = absolutely yes

Indicate number from 0 to 10:

....

2) I would say that with regard to my last experience I have been satisfied with STROJIRNA-TABOR:

0 = absolutely not 5 = on average/not disappointed 10 = absolutely yes

Indicate number from 0 to 10:

…………………………………………………………………………………………………

3) Next time I would choose STROJIRNA-TABOR again:

0 = absolutely not 5 = I don't know 10 = absolutely yes

Indicate number from 0 to 10:

....

4) I would recommend STROJIRNA-TABOR to other companies as well:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....

5) The competitors of STROJIRNA-TABOR operating in the field I do the businesses with the company would have to offer me about X% cheaper price that I would prefer the competitor:

0% = I'd prefer competitors for the same price   100% = I'd never prefer competitors

Indicate about how many % cheaper price (0-100%):
Indicate the field:
Eventually indicate to which company you'd give preference:

PERCEIVED QUALITY/LEADING POSITION/RESPECTABILITY

6) I think that with comparison to other companies' brands in this field, STROJIRNA-TABOR provides quality of performed work:

0 = one of the worst   5 = the same as direct competitors   10 = one of the best

Indicate number from 0 to 10:
....

7) I think that with comparison to other companies' brands STROJIRNA-TABOR has a position / popularity / in its category:

0 = the last in its category   5 = the same as direct competitors   10 = leading position in
                                                            its category

Indicate number from 0 to 10:
....

8) I consider this company on the Czech market as desirable:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:
....

9) I think that STROJIRNA-TABOR has been developing its processes over time to create better value for its customers:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:
....

10) I respect STROJIRNA-TABOR with comparison to other companies' brands in this field:

0 = absolutely not   5 = I the same way as its competitors   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate for what you respect it:
(e.g.: good reputation, innovation, good business relationships, quality of performed work, reasonable price…)

ASSOCIATION/DIFFERENTIATION

11) I would link STROJIRNA-TABOR the most with:

a) High quality of production and assembly: g) Care about customers:

b) Strong personality of the shareholder: h) Good business relationships:

c) Tradition connected with good references: i) Image of the firm:

d) Production with respect to the environment: j) Sponsoring:

e) Service flexibility: k) Innovation:

f) Strong positions on the Czech market: l) Operation on the foreign markets:

0 = absolutely not   5 = I don't know   10 = absolutely yes

To each statement indicate number from 0 to 10
....
12) I think that STROJIRNA-TABOR offers for its required price a value of performed work:

0 = poor   5 = normal/average   10 = excellent

Indicate number from 0 to 10:
....
13) There is a reason to do a business with STROJIRNA-TABOR and not with other companies:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate the reason:
....
14) STROJIRNA-TABOR is qualified company in this field, I trust it:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

15) STROJIRNA-TABOR is reliable company:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

16) STROJIRNA-TABOR is different than other companies' brands in this field:

0 = completely the same   5 = similar   10 = completely
different

Indicate number from 0 to 10:
Eventually indicate in what it differs:

....

17) On a basis of the logo of STROJIRNA-TABOR I would
identify the company:

0 = not at all   5 = I don't know   10 = immediately

Indicate number from 0 to 10:
Indicate how you would describe the logo:
(e.g.: unreadable/clear, easy/difficult to remember, suitable/unsuitable for the company,
nice/ugly…)

AWARENESS OF THE COMPANY'S BRAND/BRAND COGNITION

18) I am aware of long history and tradition of the company:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:

....

19) I consider to STROJIRNA-TABOR being generally know on the Czech market:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:

....

20) I consider to STROJIRNA-TABOR being generally know on the foreign market:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate on which foreign market:

....

21) I am informed about new products and services of STROJIRNA-TABOR:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
I receive the information through the medium of:
(e.g.: web pages, direct information from the shareholder, advertising, exhibitions on trade fairs, recommendations from other companies...)
....

22) STROJIRNA-TABOR uses promotional tools to communicate its value:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate what forms you are aware of:
(e.g.: direct communication with the customers- informing about products and special offers or technological innovations, advertising, exhibitions on trade fairs, web pages, production with respect to the environment, sponsoring...)
....

23) Had you known this company before you started to do a business with it?

Indicate an answer yes or no:
....

24) Name other companies' brands you would think of in this field:

Supplement No. 6: Employees' questionnaire

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	Faculty of Economics and Management	fakulta
	MSc - Economics and Management	

**QUESTIONNAIRE: BRAND PERCEPTION AND BRAND EQUITY OF THE
COMPANY STROJIRNA-TABOR FROM THE EMPLOYEE'S POINT OF VIEW**

INSTRUCTION MANUAL:
Please, evaluate the following statements on the scale of 0 to 10, the ends of the scale express extremes:
0 = the worst / the least / absolutely not / absolutely negative view of the company
10 = the best / the most / absolutely yes / absolutely positive view of the company
$0 \rightarrow 4$ = abating negative feelings
The medial rate 5 = rather neutral attitude towards the company / on average / do not know / the same as direct competitors of the company
$6 \rightarrow 10$ = increase in positive feelings
You can use the whole numbers from 0 to 10. Some questions must be also answered verbally, you can write more than one answer.

Please, mark your gender and age category and write your working position:

Male ☐   Age category: 20-29 ☐   30-39   ☐
Female ☐   40-49 ☐   50-59   ☐
                                                              60 and more   ☐
Working position:

EMPLOYEES AND CUSTOMERS SATISFACTION/LOYALTY

1) I think that STROJIRNA-TABOR fulfils customers' expectations:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....
2) I would say that with regard to my last experience our customers on Czech and Slovak market were satisfied:

0 = absolutely not   5 = on average/not disappointed 10 = absolutely yes

Indicate number from 0 to 10:
…………………………………………………………………………………………
3) I am satisfied in this company with regard to the working conditions:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

4) I am satisfied in this company with regard to the general firm's culture:

0 = absolutely not　　　　　5 = on average　　　　　10 = absolutely yes

Indicate number from 0 to 10:

....

5) I would recommend working in this company to others as well:

0 = absolutely not　　　　　5 = on average　　　　　10 = absolutely yes

Indicate number from 0 to 10:

PERCEIVED QUALITY/LEADING POSITION/RESPECTABILITY

6) I think that with comparison to other companies' brands in this field STROJIRNA-TABOR provides quality of performed work:

0 = one of the worst　　　5 = the same as direct competitors　10 = one of the best

Indicate number from 0 to 10:

....

7) I think that with comparison to other companies' brands STROJIRNA-TABOR has a position / popularity / in its category:

0 = the last in its category　5 = the same as direct competitors　10 = leading position in
　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　　its category

Indicate number from 0 to 10:

....

8) I consider this company on the Czech market as desirable:

0 = absolutely not　　　　　5 = on average　　　　　10 = absolutely yes

Indicate number from 0 to 10:

....

9) I consider this company on the foreign market as desirable:

0 = absolutely not　　　　　5 = on average　　　　　10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate on which foreign market:

....

10) The processes in this company are being developed and innovated to create better value for customers:

0 = absolutely not　　　　　5 = on average　　　　　10 = absolutely yes

Indicate number from 0 to 10:

....

11) I care about the overall development in STROJIRNA-TABOR (considering economical part as well as inside processes):

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

12) I care about good reputation of STROJIRNA-TABOR:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

13) I respect STROJIRNA-TABOR with comparison to other companies' brands in this field:

0 = absolutely not   5 = in the same way as its competitors   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate for what you respect it:
(e.g.: good working conditions, good reputation, innovation, quality products and services, good business relationships…)

ASSOCIATION/DIFFERENTIATION

14) I would link STROJIRNA-TABOR the most with:

a) High quality of production and assembly: g) Care about customers:

b) Strong personality of the shareholder: h) Good business relationships:

c) Tradition connected with good references: i) Image of the firm:

d) Production with respect to the environment: j) Sponsoring:

e) Service flexibility: k) Innovation:

f) Strong positions on the Czech market: l) Operation on the foreign markets:

0 = absolutely not   5 = I don't know   10 = absolutely yes

To each statement indicate number from 0 to 10

....

15) I think that STROJIRNA-TABOR offers for its required price a value of performed work:

0 = poor   5 = normal/average   10 = excellent

Indicate number from 0 to 10:
....
16) STROJIRNA-TABOR is qualified company in this field:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....
17) STROJIRNA-TABOR is reliable company:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....
18) STROJIRNA-TABOR is different than other companies' brands in this field:

0 = completely the same   5 = similar   10 = completely
different

Indicate number from 0 to 10:
Eventually indicate in what it differs:
....
19) On a basis of the logo of STROJIRNA-TABOR is the company identifiable:

0 = not at all   5 = I don't know   10 = immediately

Indicate number from 0 to 10:
Indicate how you would describe the logo:
(e.g.: unreadable/clear, easy/difficult to remember, suitable/unsuitable for the company, nice/ugly…)

AWARENESS OF THE COMPANY'S BRAND/BRAND COGNITION

20) I am aware of long history and tradition of the company:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:
....
21) I consider to STROJIRNA-TABOR being generally know on the Czech market:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:
....

22) I consider to STROJIRNA-TABOR being generally know on the foreign market:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate on which foreign market:
....

23) STROJIRNA-TABOR informs its customers about new products (production and assembly):

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
It informs its customers through:
(e.g.: web pages, direct information from the shareholder, advertising, exhibitions on trade fairs, recommendations from other companies...)
....

24) STROJIRNA-TABOR uses promotional programmes to communicate its value:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate what forms are used:
(e.g.: direct communication with the customers- informing about products and special offers or technological innovations, advertising, exhibitions on trade fairs, web pages, production with respect to the environment, sponsoring...)
....

25) Had you known this company before you started to work there?

Indicate an answer yes or no:
....

26) Name other companies' brands you would think of in this field:

COMPANY'S BRAND SPIRIT

27) Would you manage to describe what the basis values of STROJIRNA-TABOR and

its vision and mission are? If so, please describe:

....

28) Indicate the strengths and weaknesses of STROJIRNA-TABOR according to your opinion:

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QUESTIONNAIRE: BRAND PERCEPTION AND BRAND EQUITY OF THE COMPANY STROJIRNA-TABOR FROM THE SHAREHOLDER'S POINT OF VIEW

INSTRUCTION MANUAL:

Please, evaluate the following statements on the scale of 0 to 10, the ends of the scale express extremes:

0 = the worst / the least / absolutely not / absolutely negative view of the company

10 = the best / the most / absolutely yes / absolutely positive view of the company

0 → 4 = abating negative feelings

The medial rate 5 = rather neutral attitude towards the company / on average / do not know / the same as direct competitors of the company

6 → 10 = increase in positive feelings

You can use the whole numbers from 0 to 10. Some questions must be also answered verbally, you can write more than one answer.

EMPLOYEES AND CUSTOMERS SATISFACTION/LOYALTY

1) I think that STROJIRNA-TABOR fulfils customers' expectations:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

2) I would say that with regard to my last experience our customers on the Czech and Slovak market were satisfied:

0 = absolutely not   5 = on average/not disappointed   10 = absolutely yes

Indicate number from 0 to 10:

………………………………………………………………………………………………

3) I think that our recently gained customers will do the business with STROJIRNA-TABOR again:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:

....

4) STROJIRNA-TABOR provides good working conditions for its employees:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

5) STROJIRNA-TABOR has got a good internal firm's culture:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

6) I think that the employees of STROJIRNA-TABOR are satisfied in this company:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

7) I think that the employees of STROJIRNA-TABOR would recommend working in this company to others:

0 = absolutely not   5 = I don't know   10 = absolutely yes

Indicate number from 0 to 10:

PERCEIVED QUALITY/LEADING POSITION/RESPECTABILITY

8) I think that with comparison to other companies' brands in this field STROJIRNA-TABOR provides quality of performed work:

0 = one of the worst   5 = the same as direct competitors   10 = one of the best

Indicate number from 0 to 10:

....

9) I think that with comparison to other companies' brands STROJIRNA-TABOR has got a position / popularity / in its category:

0 = the last in its category   5 = the same as direct competitors   10 = leading position in
                                                             its category

Indicate number from 0 to 10:

....

10) I am proud of the company with comparison of other companies' brands in this field:

0 = one of the worst   5 = the same as direct competitors   10 = one of the best

Indicate number from 0 to 10:
Eventually indicate for what you are proud of:
(e.g.: good working conditions, good reputation, innovation, quality products and services, good business relationships, economical development of the company…)

....

11) I consider this company on the Czech market as desirable:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....
12) I consider this company on the foreign market as desirable:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate on which foreign market:
....
13) I care about good reputation of STROJIRNA-TABOR:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....
14) The processes in this company are being developed and innovated to create better value for customers:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....
15) STROJIRNA-TABOR has being economically developed:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....
16) STROJIRNA-TABOR has been developing its inside processes (management, firm's culture):

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

ASSOCIATION/DIFFERENTIATION

17) I think that STROJIRNA-TABOR is linked the most with:

a) High quality of production and assembly: g) Care about customers:

b) Strong personality of the shareholder: h) Good business relationships:

c) Tradition connected with good references: i) Image of the firm:

d) Production with respect to the environment: j) Sponsoring:

e) Service flexibility: k) Innovation:

f) Strong positions on the Czech market: l) Operation on the foreign markets:

0 = absolutely not   5 = I don't know   10 = absolutely yes

To each statement indicate number from 0 to 10

....

18) I think that STROJIRNA-TABOR offers for its required price a value of performed work:

0 = poor   5 = normal/average   10 = excellent

Indicate number from 0 to 10:

....

19) STROJIRNA-TABOR is qualified company in this field:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

20) STROJIRNA-TABOR is reliable company:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:

....

21) There is a reason to do a business with STROJIRNA-TABOR and not with other companies:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate the reason:

....

22) STROJIRNA-TABOR is different than other companies' brands in this field:

0 = completely the same   5 = similar   10 = completely different

Indicate number from 0 to 10:
Eventually indicate in what it differs:

....

23) On a basis of the logo of STROJIRNA-TABOR is the company identifiable:

0 = not at all   5 = I don't know   10 = immediately

Indicate number from 0 to 10:
Indicate how you would describe the logo:
(e.g.: unreadable/clear, easy/difficult to remember, suitable/unsuitable for the company, nice/ugly…)
....

24) Have you ever thought about any slogan which would join the company's logo?

AWARENESS OF THE COMPANY'S BRAND/BRAND COGNITION

25) STROJIRNA-TABOR has got a long history and tradition:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....

26) I consider to STROJIRNA-TABOR being generally know on the Czech market:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
....

27) I consider to STROJIRNA-TABOR being generally know on the foreign market:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate on which foreign market:
....

28) STROJIRNA-TABOR informs its customers about new products (production and assembly):

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
It informs its customers through:
(e.g.: web pages, direct information from the shareholder, advertising, exhibitions on trade fairs, recommendations from other companies…)
....

29) STROJIRNA-TABOR uses promotional programmes to communicate its value:

0 = absolutely not   5 = on average   10 = absolutely yes

Indicate number from 0 to 10:
Eventually indicate what forms are used:
(e.g.: direct communication with the customers- informing about products and special offers or technological innovations, advertising, exhibitions on trade fairs, web pages, production with respect to the environment, sponsoring…)
....

30) Had you known this company before you started to work there?

Indicate an answer yes or no: