INTEGRATION OF BRAND VULNERABILITY SCENARIOS PLANNING INTO BRAND MANAGEMENT PROCESS

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Abstract

Modern brands function in the markets distinguishing in uncertainty. In the context of uncertainty organizations face difficulties in making strategic and tactical decisions because it is impossible to forecast future tendencies. Organizations’ decisions, external environment factors and competitors’ actions determine brand vulnerability. Brand vulnerability is the premise for the formation of brand risk. In the context of the later trends problematic question arises for academics and practitioners: how to manage the brand so that the brand vulnerability would be decreased to the minimum?

Considering the fact that scientific literature does not give the answer to this question, the aim of the paper is to integrate the planning process of the brand vulnerability scenario into the brand management process. In order to do the mentioned, the following objectives of the paper are set: to present the concept and the planning process of the brand scenarios, to discuss the opportunities of integration of the brand scenario planning process into the brand management process.

The type of the article: Theoretical article.

Keywords: uncertainty, vulnerability, brand management, scenarios.

JEL Classification: M10, M31.

1. Introduction

The world we live in is far more complex today than it was just a few years ago because of a feverish and fascinating process of perpetual change. New technologies bursting onto the scene, social networks undergoing extraordinary growth and expansion, huge amounts of information becoming available to consumers, the globalisation of the economy and the accelerated development of the so-called emerging countries (Iglesias, Singh & Casabay, 2011), the rise of the shopper, markets and media fragmentation, choice economy, power of communities (Kapferer, 2008) are some of the main phenomena that are changing the image of the competitive environment in which brands operate, which, in turn, is posing stiff challenges for brand management. The latter tendencies form the feature of market uncertainty. The uncertainty is the key dimension characterizing contemporary external environment (Oreja-Rodríguez & Yanes-Estevez, 2007; Ebrahimi, 2000). Further, it outlines the ambiguity of the results of different organization’s factors performed in the contexts of unpredictable situation not possessing necessary information (Herzig & Jimmieson, 2006; Ebrahimi, 2000; Wilson, 2009). Hence, in order to make management decisions for a brand, organizations face difficulties while following heavily predictable future tendencies. Inappropriate decisions, while made in case of unclear future tendencies are among the main reasons reducing a brand. In other words, the brand, when functioning in the environments characterized by uncertainty, has become the vulnerable asset of an organization. In a broad sense vulnerability is defined as exposure to welfare losses (Vatsa, 2004).

To retain the value of a brand is the most important for an organization managing a brand, since the brand equity is the essential premise determining customer loyalty to the brand. Loyal customers ensure increasing income and strong position of the brand in the market – i.e. it forms the brand equity for an organization. In the context of the brand management it may be stated that the
brand vulnerability is an internal feature of the brand allowing different factors to potentially negatively influence customer loyalty for the brand (Vainauskiene & Vaitkiene: 2012; Vaitkiene & Vainauskiene, 2010).

In the context of uncertainty, an organization shall predict factors that negatively affect constituents of brand equity and to make proactive decisions in order to minimise the influence of the mentioned factors to the formation of brand vulnerability. Based on the market forces that affect the brand lifecycle, distinguished by Doyle and Stern (2006), it can be claimed that brand vulnerability is potentially caused by the following trend-groups of external environment: consumers, competitors and new market entrants.

The tool of a strategic thinking, i.e. approach of planning scenarios, is widely used in the theory of a strategic management of an organization. According to Fink, Siebe & Kuhle (2004), the planning of scenarios is the most common used approach in order to fight against the uncertainty. On of the main goals of scenarios planning approaches is to develop integrated and elaborated pictures of the future (Mietzner & Reger, 2005; Fink, Siebe & Kuhle, 2004).

Based on the above mentioned characteristics of approach for scenarios’ planning, it may be stated that such approach is appropriate in order to foresight the vulnerability of a brand. However, in order to adapt the methodical provisions of scenarios’ method in identifying the brand vulnerability, it is important to conceptualise the process of planning brand vulnerability scenarios and integrate the activities of this process into the process of brand management. Brand vulnerability is yet a new and undeveloped topic in scientific literature. Authors begin to analyse the types of brand risks (Logman, 2007; Martinez ir Chernatony, 2004; Esch et al.; Wilcox et al., 2008) failing to assess the theoretical provision that the risk formation assumption is vulnerability. Therefore, it is important to provide an integrated process of scenarios’ planning in pursuit of methodical unity in brand vulnerability since only then a sustainability of a proactive reaction towards the brand vulnerability will be ensured.

Objective of the research: to integrate the planning process of the brand vulnerability into the brand management process.

Tasks of the research:
1. To discuss scenarios’ method as a tool to foresight brand vulnerability
2. To discuss the opportunities of integration of brand scenarios’ planning process into the brand management process.

Methods of the research: systematic analysis of scientific literature and comparative analysis. Systematic analysis of scientific publications and comparison of the key theoretical provisions allowed to reveal the conception of brand vulnerability scenarios and to identify the basic stages of their development, as well as to detect the opportunities to integrate the process of planning brand vulnerability scenarios into the process of brand management.

2. Approach of planning scenarios as the tool for foresight brand vulnerability

An organization seeking to react towards the brand vulnerability proactively requires a tool assisting to predict the future tendencies of an external environment. Despite the theoretical and practical relevance of the problem, the mentioned tool is not provided in the scientific literature. Meanwhile the approach for developing scenarios is successfully used within the context of the strategic management of an organization, which assists evaluating future uncertainties and anticipating decisions as well as strategies (Schomaker, 1995; Johnston, Gilmore & Carson, 2008; Millet, 2003). The approach for developing scenarios could be the tool assisting to react to brand vulnerability.
Table 1. The concept of brand vulnerability scenarios

<table>
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<tr>
<th>Authors</th>
<th>Scenario concept</th>
<th>Brand vulnerability scenario concept</th>
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<tbody>
<tr>
<td>Fahey &amp; Randall (1998)</td>
<td>A projection of potential future</td>
<td>The brand vulnerability scenarios are consistent and explicated pictures of the factors determining the brand vulnerability, which show how will they determine the brand vulnerability in future.</td>
</tr>
<tr>
<td>Pirilainen, Kortelainen, Elfvingren ir Tuominen (2010)</td>
<td>A set of separate, logical paths of development, which lead from the present to a defined state in the future.</td>
<td></td>
</tr>
<tr>
<td>Becker (1989), Masum, Ranck &amp; Singer (2010)</td>
<td>Scenarios are plausible descriptions of future conditions with which the organization could be faced.</td>
<td></td>
</tr>
<tr>
<td>Porter (2004) (Ringland &amp; Young, 2006)</td>
<td>An internally consistent view of what the future might turn out to be – not a forecast, but one future outcome</td>
<td></td>
</tr>
</tbody>
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Source: adapted by the authors with reference to Vainauskiene & Vaitkiene (2012)

Table 2. The brand vulnerability scenario planning process

<table>
<thead>
<tr>
<th>Authors</th>
<th>Scenario planning process</th>
<th>Stages of the process of Brand vulnerability scenario planning</th>
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<tr>
<td>Shwartz (Mietzner ir Reger, 2005)</td>
<td>1) Identify the focal issue or decision 2) Key forces in the local environment 3) Driving forces ranking by importance of uncertainty 4) Selecting scenario logic’s 5) Fleshing out the scenario Implications 6) Selecting the leading indicators and signposts</td>
<td></td>
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Two important aspects for developing the brand vulnerability scenarios are provided in Table 1, i.e. the concept of the brand vulnerability and the process for developing brand vulnerability scenarios. The mentioned theoretical aspects are developed based on scenarios’ developing theory. As the Table 1 shows, most commonly used processes for developing scenarios in the scientific literature do not possess any radically distinguishing aspects. Scenario developing processes prepared by Swartz and Godet, as well as Reibnitz, cover four wide stages, i.e. identification of a problem (an organization is seeking to solve by applying the approach for developing scenarios), analysis of the external environment, development of scenarios and their linkage to the strategy of an organization. The four distinguished stages of scenario developing were adapted to the process
for developing brand vulnerability scenarios.

Based on division of stages of the scenario process made by Saurin, Racliffe, Puybaraud (2008) and Racliffe, Krawczyk (2011), it can be claimed that in the first stage of brand vulnerability scenario development, in order to foresight brand vulnerability, it is important to carry out the analysis of the current brand equity, to identify global forces that potentially determine the brand vulnerability, and then, to identify the trends of local markets forming in their context that potentially determine the brand vulnerability in future. In the second stage of scenario planning, it is recommended to identify the level of uncertainty of identified local market trends and the degree of influence on brand vulnerability, to form brand vulnerability scenarios and review them. In the third stage – the control of developed scenarios stage – it is important to choose the indicators that assist at controlling the development of brand vulnerability scenarios.

It is important to notice that the scientific literature uses concepts of the scenario development and the scenario planning (Mietzner & Reger, 2005). As Mietzner and Reger (2005) state, the development of scenarios means speculating on uncertainties in the future, this means, to anticipate a few different potential outcomes of future plans. The development of scenarios can also be understood as a long-term integration of scenarios into the planning process of an organization. Bishop, Hines and Collins (2007) highlight that the planning of scenarios is oriented towards a finished anticipation of the future, meanwhile the result of scenario development is actual pictures of the future. In other words, the development of scenarios is a more versatile activity, as the development of scenarios is more oriented into development of specific stories on the future. Thus, the latter two concepts are closely related in-between – the development of scenarios is essential background for the planning process of [formalized] scenarios. The objective of the article binds us to use the concept of developing brand scenarios further.

3. Opportunities of integration of brand vulnerability scenarios’ planning into a brand management process

The objective of the strategic brand management is oriented towards the increase and retention of the brand equity. Thus the anticipation of the brand vulnerability, in order an organization could respond to the brand vulnerability proactively should be one of the activities for the brand management. The tool of strategic management – the approach of scenarios – could assist the mentioned. An organization could explicate sequential and logical pictures of the brand environment while using the mentioned approach, also could distinguish potential factors of the external environment, their influence to the brand vulnerability and would make correct strategic and tactical decisions in advance, which would be oriented towards minimisation of the brand vulnerability.

The brand management is a favourite and widely discussed subject by authors within the scientific literature. However, it is important to highlight that many authors (Krake, 2005; Louro & Cunha, 2001; Khan, 2009; Burman & Konig, 2010) elaborate The brand Equity Ten by Aaker (1996) as a background for own studies, also apply in different context, in order to develop a strong brand, moreover, the strategic brand management process by Keller (1993) and strategic brand management and potential brand management tools presented by Kapferer (2008), in case brands operate within the modern markets. The theory of the strategic brand management prepared by Kapferer (2008) distinguishes within the context of classical brand management theories. This theory does not include the process of the brand management, however, the breadth of the strategic brand management within the modern markets is provided. The latter matrix reveals the dimensions of depth of the brand and relationships with a customer within the perspective of time shall be evaluated by academics and business members while managing the brand.

As Aaker (1996) states, in order to develop a strong brand the recommendations shall reflect the brand equity measuring system firstly. Thus the recommendations of the recent author on developing a strong brand are provided as the brand equity measuring system, but not as the brand management process. As it was mentioned above, Kapferer (2008) also does not provide a specific
brand management process. Meanwhile the objective of this article is to discuss the integration of planning the brand vulnerability scenarios into the brand management process. In order to implement the objective of this article, the classical strategic brand management process prepared by Keller (2003), covering four stages, is most optimal: identify and establish brand positioning and values, plan and implement the brand marketing programs, measure and interpret brand performance, growing and sustaining brand equity.

**Figure 1. Integration of the brand vulnerability scenarios planning into the brand management process**

By mean of positioning, during the first stage an organisation develops a set of abstract associations, characterising a brand and seeks a customer to realise positive information on a brand by comparing it with the appropriate brands of competitors. During the stage of plan and implementing the brand marketing programs organization forms knowledge of customers on a brand. This is the summation of a descriptive and evaluative information related to a brand, existing in the memory of a customer, which formation depends on the initial choices for the brand elements or identities making up the brand, the marketing activities and supporting marketing programs and the manner by which the brand is integrated into them, other associations indirectly transferred to the brand by linking it to some other entity (e.g., the company, country of origin, channel of distribution, or another brand) (Keller, 2003). Thus, during the first and the second stages of the brand management, a single constituent of a brand is developed, i.e. knowledge of customers on a brand. As it was mentioned above, the brand equity is a solid system. According to Aaker’s (1996) brand value system, it can be claimed that other brand value constituents – brand awareness, perceived quality, brand loyalty – form based on the consumer’s knowledge of a brand. A brand may become as a vulnerable asset of an organization only when one or other constituents of a brand shall be affected in a way that a loyalty of customers towards a brand would not develop and
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(or) reduce on its basis. During such stages, in addition to other activities, it is essential to integrate the approach of planning scenarios in order to anticipate factors of the external environment, which may alter positive, strong and unique associations of customers towards a brand and to describe solution methods of such problem in scenarios. In the first and the second stages of the process of brand management, it is important while creating the brand value not only to assess the current situation, but also possible uncertainties in future that may influence the brand vulnerability through at least one of the brand value constituents. After predicting the future uncertainties, it is important to work the pictures of their development and negative effect on the brand equity, and make proactive decisions that neutralise that negative effect.

In order to measure the efficiency of the marketing programs during the measure and the Interpret Brand Performance an organization shall measure and interpret the activity of a brand within a market. Keller (2003) highlights two tools for measuring brand activities: brand value chain and brand equity measurement system. The brand value chain is means to trace the value creation process for brands to better understand the financial impact of the brand marketing expenditures and investments. The brand value chain assumes that brand value creation process starts when the company invests in any marketing program by targeting its actual or potential customers.

A profitable brand management system requires successfully designing and implementing the brand equity measurement system which consists of set of research procedures designed to provide timely, accurate, and actionable information for marketers so that they can make the best possible tactical decisions in the short run and strategic decision for the long run.

During the current brand management stage, in order to receive information required to the brand management in a short-term and long-term perspectives Keller (2003) suggests using such methods as the brand value chain, the brand audits, the brand tracking and the brand equity management system. However, the provided methods do not anticipate factors arising in the future and potentially causing the brand vulnerability as well as not indicate how an organization should act then. Thus, in this stage of brand management, along with evaluation activities of brand operation, it is important to identify which of the scenarios are active at present and make planned decisions, i.e. control the scenarios.

The last stage of the brand management is intended for Grow and Sustain of Brand Equity. As Keller (2003) states, even a brand occupies leader position, maintenance of a brand and its development are the activities requiring a lot of efforts among the organizations. Thus, Keller (2003) highlights three basic brand management fields:

1) Defining the Branding Strategy. The branding strategy of organization provides with the most important guidelines, as to which brand elements an organisation choose to apply across the products it offers. Two main tools in defining the corporate branding strategy are the brand-product matrix (is a graphical representation of all the brands and products sold by the organisation) and the brand hierarchy (reveals an explicit ordering of brands by displaying the number and nature of common and distinctive brand components across the organisation’s products).

2) Managing Brand Equity over Time. Effective brand management requires taking a long-term view of marketing decisions. A long-term perspective of brand management recognize that any changes in the supporting marketing programs for a brand may, by changing consumer knowledge, affect the success of future marketing programs. Additionally, a long-term view results in proactive strategies designed to maintain and enhance customer-based brand equity over time in the face of external changes in the marketing environment and internal changes in a organization’s marketing goals and programs (Keller, 2003).

3) Managing Brand Equity over Geographic Boundaries, Cultures, and Market Segments. As Keller (2003) states, an important consideration in managing brand equity is recognizing and accounting for different types of consumers in developing branding and marketing programs. Broadening of brand equity across market segments it is critical that equity is built by careful positioning, design and implementation of marketing programs that reflect the specific knowledge and behaviours of those market segments. Therefore, the aim of the last stage of cyclic brand
management is solutions for further brand development in order to preserve the brand value and growth. When integrating the scenario approach into earlier stages of brand management and on the basis of this approach, predicting the factors influencing the brand vulnerability and making proactive decisions, growth of the brand value and its preservation in the context of uncertainty is possible.

Brand operation in an uncertain medium causes a tendency that preservation of brand value in long-term view is impossible without foresight of future external trends in the medium. Integration of future approach – the scenario planning – into the process of brand management in order to foresight external trends of the environment that cause the brand vulnerability, will allow making right, proactive decisions for brand development, and in such way, to ensure the brand sustainability.

4. Discussion

Scenarios of the brand vulnerability are the sequential and explicated pictures of the factors having influence on the brand vulnerability, indicating how they will influence the brand vulnerability in the future. In order to anticipate the brand vulnerability, an organization should plan scenarios, while applying the approach of scenarios, in the following sequence: 1) anticipate brand vulnerability; 2) to develop the brand vulnerability scenarios based on the defined external factors; 3) to anticipate control system for scenarios.

Integration of scenario approach into the process of brand management allows to foresight the future uncertainties of external environment on practical level and make proactive decisions that minimise the brand vulnerability in future. Meanwhile, on theoretical level, added only topics on brand vulnerability that have been recently started to be developed.

When assessing the brand operation, it is also important to use the control system of brand vulnerability scenarios which allows detecting early signs of scenario development. When employing the scenario planning approach in the first three stages of brand management, organisation will ensure the brand value sustainability in a long-term view.

In further research, it is important to validate the conceptual integrated process of brand management and scenario planning. In order to continue developing the conceptual process of brand vulnerability scenario planning and to see more opportunities of scenario approach integration into the process of brand management, it is important to arrange the decomposition of factors causing the brand vulnerability.

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References


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