
BUILDING A PERFORMING BRAND MANAGEMENT MODEL WITHIN AGILE COMPANIES

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Abstract

In the current economic context, marked by increasing competitiveness, the permanent adaptation to change is a necessity. The change starts, first of all, with removing barriers of any kind and, further, with the dynamic nature of consumers' requirements.

Due to the need to adapt to change, in the IT field, the term "agility" has turned into a true working method. The agility principles have revolutionized this industry that has undergone faster and more profound transformations than any other field in recent decades. Currently, these apply to numerous other industries, with clear evidence of their main benefits.

The mere introduction of new products and services is not enough anymore, the emphasis is now on differentiation, and the brand is one of the main tools in this respect. A careful and efficient management of the brand, especially at the level of agile companies, can provide the necessary conditions to obtain success by attracting and retaining customers, through creating strong emotional ties with them.

The current article aims to review the context in which brand management supports agile companies in their development and provides two concrete examples in this respect, addressing two strong companies in different fields (Hermès and Singapore Airlines).

Keywords

Brand management, performance, agile companies, competitiveness

JEL Classification

F63, L80, M31, O31

Introduction

The world is rapidly evolving, and the global society has a highly accelerated growth pace, with any kind of border being phased out gradually. Change has become a constant, and the competition between companies is becoming fiercer and fiercer, so differentiation is currently a necessity. Most companies operate in extremely dynamic environments, so they do not need only new products and services, but also innovation in terms of functional processes, especially with the rapid spread of new software tools.

The "agility" concept as a company's attribute has emerged in response to the demands of modern businesses to operate predictably even when facing extreme complexity. In particular, software development organizations have created a specific set of techniques, known as agile methods, in order to address issues related to changes in requirements, uncertain results caused by technological complexity and uncertain system dynamics due to the global complexity of the system. As with complex adaptive systems, the results or

products of agile organizations are inherently unpredictable, but ultimately form a pattern, an easy-to-identify model. However, despite the unpredictability, agile companies are considered to be best placed to take advantage of hyper-competitive external environments. Moreover, those organizations that create an environment where the principles of agility are successfully applied can easily accelerate innovation.

Although initially used specifically in the IT field, with the development, change and adaptation of businesses to the existing context, agile methodologies are adopted more and more often in human resources or marketing departments and, further, at the level of the whole organization.

The brand is currently an extremely important element when it comes to differentiation. Brand management has become a subject of increasing interest, defining new strategic directions for gaining competitive advantages by attracting customers and their trust.

Agility, a way to success

In the current business environment, innovation is a key element, perhaps even a critical one, for the success of any company. For many entities, innovation is now linked to agility, the latter being an increasingly used term in business, which defines a company's ability to rapidly respond to change by adjusting its initial stable configuration. (Wieland and Wallenburg, 2012) This requires immediate adaptation to market and environmental changes in an as productive and cost-efficient way as possible. An agile company is an extension of this concept and refers to an organization that uses key principles of complex adaptive systems and complexity science in order to achieve success. (Dyer, Ericksen, 2008) Change becomes a routine of the organizational life, reducing or even eliminating the "trauma" usually experienced by many companies trying to adapt to new markets.

Until recently, in business, agility referred to a set of management practices relevant to software development, its initial supporters being developers of such IT products, and there was also a document that underpinned this new trend – "The Software Development Manifesto" (2001). Starting in 2016, after being recognized by Harvard Business Review, McKinsey & Company and the 2015 Learning Consortium Project, this concept has rapidly spread to all parts and types of organizations. (Forbes, 2016)

Agility as a global move is the only way organizations can deal with the consumer-oriented turbulent market, giving themselves the chance to successfully manage continuous changes. Agility makes companies grow and succeed in a volatile, uncertain, complex and ambiguous world. (Mcintyre, 2018) The emphasis is on individuals and interaction rather than on processes and tools, on working with clients rather than just negotiate contracts and, most important, on reacting to change rather than following a plan.

A company undergoing an "agile transformation" can respond, adapt and change in a reactive way without losing its vision on the ultimate goal. Agile methodologies are essential to keep the company active and face ever-increasing competition, to bring new products on the market ahead of rivals, and implement new business or marketing strategies. Agility can be viewed from two perspectives: that of software used to develop a product in short incremental iterations and that of changing the way of thinking and the company culture to improve team efficiency and collaboration. The first approach allows for faster feedback to ensure that, when products are built or created for the market, changes can be identified faster to meet the needs of consumers (unlike traditional approaches involving much initial planning); the agile approach uses continuous planning and prioritization of requirements. A second way to use agility is to focus on team communication, self-organization and collaboration to deliver the best possible solutions, through planning and lifelong learning meant to ensure that processes are constantly improved.

In the view of some specialists (Stacey, Griffin, Shaw, 2000), an architecture that supports agility could be a non-hierarchical organization without control points, in which individuals

operate autonomously, but permanently interact to define the vision and goals, to maintain a common understanding of requirements and to monitor everything that needs to be done. The roles and responsibilities of the staff are not predetermined, but rather arise from their self-organizing activities, and important decisions are taken on a participatory basis, on the spot. Thus, knowledge, power and intelligence are spread throughout the entire company, making it uniquely capable of rapidly recover and adapt to the loss of any key component.

According to Harvard Business Review, agile methodologies involve new values, principles, practices and benefits, and represent a radical alternative to the command and control management style, spreading rapidly across numerous industries. Agile approach not only accelerates profitable growth, but also helps create a new generation of skilled, experienced managers. (Rigby, Sutherland and Takeuchi, 2016)

Interaction, self-organization, co-evolution are concepts taken from the complexity science, that can help defining of some of the processes that take place in an agile organization.

Interactions represent exchanges between individuals who share the same vision and possess the resources, behavior, skills and experience required in an aggregate. These are an important driving force for agile organizations, because new ideas, products, services and solutions are born from the multiple exchanges that take place over time. Interactions, are the determinant factors of innovation and change in such a company.

Self-organization describes spontaneous feedback-based exchanges, commonly found in agile companies. The vital initiatives within these companies are not always managed by a single person, but rather collectively, without influences from external sources. Creativity and innovation resulting from this self-organization process give agile companies advantage in (re)developing products, services and solutions for a highly competitive market.

Co-evolution is a key process letting an organization learn from experience and adapting itself. Agile organizations are constantly evolving in connection with and in response to external environmental factors. Products and services are constantly changing as, once launched, they encounter competition products, regulators, suppliers and customer responses that force adaptation.

In business, projects may be complex, with uncertain results and goals that can change over time. Traditionally, planning experts are managing such problems, trying to determine every possible detail before implementation; in many situations, even the most carefully thought projects are impossible to manage. Agile techniques coming from the software development community represent an alternative approach to classical approaches of prescriptive management planning. The primary purpose of agile methods is to address issues regarding complexity, uncertainty and dynamic objectives through parallel planning and execution, rather than doing them in turn, to eliminate unnecessary planning and unnecessary work.

Agile companies need to be quick and flexible, respond promptly to unexpected obstacles, encourage change, stay in touch with customers and have ongoing competitive advantages, but also have a linear organizational structure for fast communication. (Mcintyre, 2018) They adapt goods and services according to the requirements of consumers, but also to changes in the business environment, and capitalize human resources.

Brand management as a tool for agile companies

With time, brand has become an increasingly important element for companies, and a positive brand image can ensure success and keep it, notably by increasing customer confidence. In the current global context, brands are ubiquitous and mark the economic, social, cultural, sports or even religious aspects. Branding is more than simply naming products and printing a label with the company's logo on products; it is a consequence of the market segmentation and product differentiation strategy and requires long-term involvement and a high level of resources and skills. (Kapferer, 2004) Correct and efficient brand management supports the creation of strong emotional ties with consumers, bringing

important competitive advantages, especially for agile companies that are constantly looking for new solutions to adapt to market changes. Major companies in different fields, advocates of the agility principles, such as Hermès and Singapore Airlines, apply brand management strategies differently, creating their own “success recipe“.

Considering the success factors of an international luxury products brand

Hermès International, also known as Hermès of Paris, the French brand of luxury products, has been frequently cataloged as the most valuable luxury brand in the world, seen as a combination of heritage, rich history, craftsmanship, attention to detail and a high level of quality and professionalism throughout the entire manufacturing process. It was founded in 1837 by Thierry Hermès, in the form of a harness workshop addressed to the French nobility. Over time, the scope of activity and product range have been greatly expanded. In 1918, Hermès manufactured the first zipper leather jacket for the Prince of Wales. Accessories and clothing have been introduced into the product range starting in 1920, then the first perfume, Eau d’Hermès in 1949, and watches in 1970. Throughout the 1990s, Hermès has extensively followed a strategy of reducing the number of franchise stores by purchasing them. As a strategic move, the company was listed on the Paris Stock Exchange in 1993. Moreover, according to the BrandZ top, produced by Millward Brown in 2015, Hermès is the second most valuable luxury brand, worth \$19 billion, after Louis Vuitton (\$24.7 billion). Currently, its product range includes leather items, lifestyle accessories, jewelry, watches and fragrances, the first ones contributing in the highest proportion to the company’s revenue, followed by clothing and accessories, then perfumes. Globally, there are 307 Hermès stores with 50 production units.

The brand philosophy can be defined by the words of the former CEO, Jean-Louis Dumas – “there is no image policy, but a product policy“ (MartinRoll, 2018) It is all about quality and refinement, so Hermès has always avoided mass production, production lines and outsourcing; the basic principle is that each product must reflect the work done by the craftsman. The current CEO, Axel Dumas, also asserts that the main strength of the brand is the love for craftsmanship. All these principles have remained firm in the evolution of the company in over 180 years of history and the brand principles have never been “diluted“.

Behind quality and uniqueness, Hermès strives to maintain its exclusivity, extremely important in the company’s vision, and does not promote its brand and products as mass luxury, and not even premium luxury. As a result of these principles, the company does not have a marketing department; it relies on intuition and creativity, so everyone in Hermès is also responsible for marketing.

Communication and marketing strategies always remain consistent with the principles of exclusivity and tradition. Marketing campaigns celebrate the Hermès life and do not target the direct sale of products. Marketing through content and social media platforms are used in an interesting way in all marketing and communication campaigns.

Hermès significantly invests in TV spots, prints, online videos in order to promote the different collections at different times of the year, and also selectively in mobile advertising to target the rich readers of the various publications that contain the company’s printed adverts.

Key elements for a strong brand management within an international services company

Singapore Airlines is one of the most powerful brands in Asia, being, at the same time, one of the most profitable global airlines with a reputation of trendsetter in the industry. The reasons for its success are numerous, most of which are related to the brand’s strong management, its healthy development following a dedicated, professional brand strategy.

The Singapore Airlines brand has been essential for the company since its inception and represents one of the most important case studies in Asia for other brands. Unlike many other Asian companies, the board of directors is committed to managing the brand strategy. Singapore Airlines ranked 33rd among the world's most admired companies (the only Singapore-based brand in the top made in 2017 by the *Fortune* magazine and the best positioned Asian company). Singapore Airlines was also named the best airline in the Asia-Pacific region within the TripAdvisor Travelers' Choice 2017 Award, the first airline in Asia and the third in the world accredited by the International Air Transport Association with IATA Operations Safety Audit – operations safety audit. (MartinRoll, 2017)

Singapore Airlines has always relied on a brand-based products and services differentiation strategy, innovation, the best technology, quality and excellent customer service being the major engines of the brand, values that were kept over time. It has been a pioneer in terms of numerous in-flight experiential and entertainment innovations. This was the first airline to introduce a selection of food, free alcoholic and soft drinks, free headphones, warm towels with a unique scent, entertainment systems and on-demand video service in all cabins. In recent years, they have been working more and more intense to differentiate the brand experience by offering additional benefits during the flight.

One of the main consumer strategies is that of providing the best flight experience, inclusively by offering familiar flavors to make them feel at home. The Singapore Airlines menu includes authentic Fujian jasmine tea, green tea from Japan and masala from Assam; menus are specially created to reflect the culinary influences of the regions to which they fly. Singapore Airlines also ensures that its certified sommeliers are available during flights to advise passengers on the art of choosing wine according to the type of food.

With respect to technology, Singapore Airlines still owns one of the youngest aircraft fleets among all major air carriers and respects its strict policy of replacing older aircrafts with newer and more efficient models in terms of consumption. In April 2017, its fleet consisted of 106 aircrafts, the average age being 7years and 8 months. The company has always been in the top in terms of delivering new types of aircrafts (Boeing 747 jumbo jets or Boeing 777), and the first to fly with an Airbus Super Jumbo A-380 in 2007 (the first flight was on the Singapore-Sydney route). (MartinRoll, 2017)

Singapore Airlines has a very well-established strategy, through which it seeks to always be the world's first airline to constantly improve the brand experience. For example, in October 2006, it introduced the world's largest chairs to the First and Business classes, which turn into completely folding beds; this innovation has produced a real revolution on the market as comfort in air travel has never been led to such a level. Singapore Airlines is investing heavily in the research and development activity, in innovation and in technology as an integral part of the business strategy to further differentiate from competition.

The uniform of Singapore Airlines flight attendants are also part of the brand experience. The "Singapore Girl", the gentle, friendly flight attendant dressed in sarong kebaya (a special version of the traditional kebaya, specifically designed for the airline by the French designer Pierre Balmain) has turned into a real symbol, almost with a mythical status, for the Singapore Airlines brand, representing the Asian values, the hospitality and can be described as being gentle, warm, caring, serene and stylish. This image became so strong that in 1993, Madame Tussaud's London Museum decided to expose the "Singapore Girl" as the first commercial wax figure. Obviously, the "Singapore Girl" has contributed to the image of the entire country itself. (MartinRoll, 2017)

To ensure that brand experience is delivered in a complete and consistent way, Singapore Airlines is conducting one of the most complex and rigorous recruitment and training programs for its crews. The program for new members takes 15 weeks, three times more than industry-specific programs. Even though other airlines have followed strategies based on services and high quality, none have managed to reach Singapore Airlines' level of

consistency, commitment and true transposition of the brand in every aspect. Singapore Airlines has managed to maintain its brand advantage by being consistent in brand strategy; this position is difficult to keep in a cyclical industry where competition seems to react daily to performance changes. Normally, there must be a long-term perspective in order to avoid short-term, spontaneous decisions that “dilute“ the brand.

In theory, the Singapore Airlines brand strategy is one with significant costs; every benefit of the brand requires significant investment, careful management and detailed implementation programs to meet the brand promise. Singapore Airlines has carefully built a financial and fixed costs structure that allows continuing investment to support the brand while challenging competitors in terms of costs. First of all, the strong financial situation, especially on cash-flow, allows internal financing of purchases of new equipment and aircrafts and limits interest costs. Singapore Airlines is not locked into long-term lease agreements and can thus easily accommodate newer and more efficient equipment that minimizes maintenance costs and avoids interruption of aircrafts. A second major advantage of Singapore Airlines is the age of the fleet; maintaining the youngest generation of aircrafts offers the company the opportunity to have some of the lowest fuel costs in the industry. This is extremely important since about 40% of the total costs of an airline are derived from fuel. In addition, Singapore Airlines carefully covers up to 60% of the fuel necessary two years in advance to avoid cyclical and often high volatility of fuel prices. (MartinRoll, 2017) Singapore Airlines is one of Asia’s best-known and performing brands and one of the few consistent players in an industry where old and stable brands strive to survive. Over the years, it has not only developed its own brand, but it has also contributed significantly to the Singapore brand from the nation’s perspective. About 50% of the airline’s customers are transit passengers not migrating to Singapore, but, following the company’s experience, they are able to outline a general perception of a service-oriented, efficient, clean and caregiving country, attributes that also derive from the company’s brand elements. In short, the strong incorporation of the positioning and commitment to brand inside Singapore Airlines has given the company the chance to successfully compete in the current context.

Designing a brand management model based on a SWOT analysis

The following table presents the SWOT analysis of both studied companies, allowing a comparative highlighting with respect to performance regarding brand management.

It is worth noting that the main common feature in terms of development and promotion is that both companies rely intensively on creativity and innovation to gain sustainable competitive advantages.

Additionally, although the object of activity of the two companies is different and there are also notable differences regarding the approach of the brand management, both have succeeded in successfully creating globally well-known brands, capable of addressing and satisfying such diverse needs and preferences of customers around the world.

Table no. 1 Hermès and Singapore Airlines – a SWOT analysis of brand management

Hermès	Singapore Airlines
Strengths	
<ul style="list-style-type: none"> • Quality due to craftsmanship and attention to details; • Portfolio that includes prestigious luxury brands; • Unique or limited edition products; • Employee training in the spirit of the brand’s values; • Launching the same collections all over the world; • The Hermès heritage represents the strongest distinctive feature of its brand basic identity; • Favorable image of the brand; • The second most valuable luxury brand; • Innovative spirit in all areas in which they are involved; • Collaborations with designers; • Focus on sustainability; • Significant investment in advertising (TV spots, prints, online videos); • High investment in innovation (among the top 100 most innovative companies in the world according to Forbes). 	<ul style="list-style-type: none"> • One of the most famous and performing brands in Asia; • Services that address a wide range of consumer types; • One of the youngest aircraft fleets in the world; • Favorable image of the brand; • Extremely complex, rigorous recruitment and training programs for crews; • Service differentiation strategy based on brand, innovation, quality and technology; • The board of directors is dedicated to managing the brand strategy; • Providing familiar flavors during flights; • Attention for details; • Focus on consumer experience; • Numerous sustainable actions; • High investment in innovation and technology (the company is recognized as a trendsetter in the aviation industry); • Pioneer in terms of innovations that offer new experiences during the flight.
Weaknesses	
<ul style="list-style-type: none"> • Extremely high prices; • Limited distribution; • The lack of a marketing department. 	<ul style="list-style-type: none"> • Significant dependence on international traffic; • Problems with demand fluctuations, due to lower capacity compared to Chinese companies, for example; • Perceived as a luxury, expensive company.
Opportunities	
<ul style="list-style-type: none"> • Increasing consumers’ level of education; • Opening new subsidiaries in several areas of the world; • Possibilities of expanding the product nomenclature; • Improving the image of its own brands; • Promoting young designers. 	<ul style="list-style-type: none"> • Increasing the number of served routes; • Focus on new or emerging markets; • Conquering new markets; • Stimulating creativity, innovation and excellence in quality; • Possibilities for concluding alliances, advantageous agreements.
Threats	
<ul style="list-style-type: none"> • Direct and indirect threats from competitors; • Emergence of similar products on the market; • The adoption of restrictive legislative or regulatory norms, with unfavorable impact; • Economic recession. 	<ul style="list-style-type: none"> • Economic crisis; • Competition from the low-cost segment; • Changes in consumer behavior; • High costs for maintaining the brand strategy.

Source: own research

Starting from the example of the brand strategies used by the two well-known studied companies, we can build a brand management model that will provide some directions for achieving performance in this respect (see fig. no. 1):

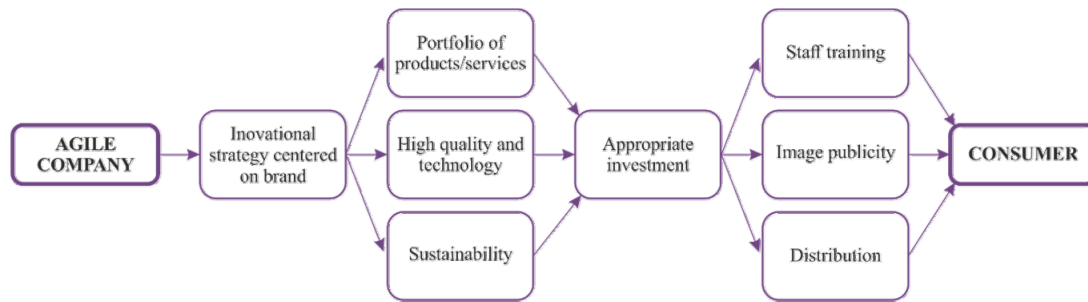


Fig. no. 1 Substantiation of a brand management model

In order to capture the consumer’s attention, an agile company develops an innovational strategy around its brand, including the products and services, whose high quality is supported by technology and attention paid to sustainability. All these require investments in training for the staff, building a charismatic public image, and ensuring efficient distribution.

Conclusions

The profound changes in the global economy over the last decades have increasingly intensified competition, so that all companies must constantly adapt to change to succeed. The supply of products and services needs to be changed in order to meet consumers’ needs, but, moreover, new ways to attract and retain them in the long run must be found.

Using the principles of agility, initially developed in the IT field, provides the necessary framework for adapting a company to the dynamics of the current society, so that more and more of them, regardless of the field of activity, turn into agile companies. In the context of a growing need for differentiation, agility is successfully intertwined with brand management as an element that can, at any time, contribute to the achievement of important competitive advantages that emerge from the consumer’s emotional approach. The brand acts as a promise of the quality and the values of the companies, and even the smallest detail can bring added value to the offer.

Strategies adopted by agile companies for brand management are among the most diverse but, as it can be seen in the case of Hermès and Singapore Airlines, companies with tradition in different fields of activity, they are based, first of all, on the careful development of a brand image, but, above all, on keeping it alive in the minds of consumers. Beyond continually improving the quality of the offered products and services, the two companies focus on exclusivity (Hermès) and technology (Singapore Airlines).

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