Chapter 99
The Role of Brand Management in Emerging Markets

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ABSTRACT

This chapter introduces the role of brand management in emerging markets, thus explaining the concepts of brand management system, corporate branding, brand performance, brand equity, brand awareness, perceived brand quality, brand association, and brand loyalty; the importance of brand strategy in emerging markets; and brand relationships toward effective brand management. Firms in emerging markets should take consideration of their brand management system, corporate branding, brand performance, brand equity, brand awareness, perceived brand quality, brand association, and brand loyalty in order to effectively achieve business success in emerging markets based on the conditions of their organizational structure, environment, and marketing contexts. Developing a good brand relationship is essential for brand management in emerging markets. Firms in emerging markets should recognize the importance of brand constructs (i.e., brand management system, corporate branding, brand performance, brand equity, brand awareness, perceived brand quality, brand association, and brand loyalty) and need to put more marketing efforts in building brand management system in order to enhance the marketing performance and achieve business goals in the global marketing environment.

INTRODUCTION

Knowledge of brand management actions is a central concern for practitioners and top managers (Dunes & Pras, 2013). Branding enables firms to achieve competitive advantage through building higher value perception of customers to get a higher price premium (Hsiao & Chen, 2013). Emerging markets are characterized by industrialization and rapid economic growth (Rugman & Collinson, 2009). Emerging markets are assuming an important position in the international strategy research (Cavusgil, Ghauri, & Agarwal, 2002). The adoption of developed nation-based theories or approaches to emerging markets and firms is the challenge in this stream of marketing research (Wright, Filatotchev, Hoskisson, & Peng 2005). The developed nations are characterized as mature, saturated, and highly competitive whereas emerging markets have unique characteristics such as weak and shallow home country advantage, weak institutional structures, political instabili-

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ties, and lack of market-based management skills (Brouthers, O'Donnell, & Hadjimarsu, 2005). Emerging markets have experienced and are experiencing tremendous economic growth (Martin & Inchovichina, 2008). One of the challenges for brand managers in the twenty-first century is to comprehend the relations between brand loyalty and its antecedents (Taylor, Celuch, & Goodwin, 2004). Established brands (i.e., BMW, Ford, and Toyota) have established loyal customer bases over time, whereas the latecomer brands, i.e. brands from emerging countries now entering the global market, have yet to establish trust with consumers (Hamin, Baumann, & Tung, 2014). With a high level of customers' loyalty and perceived satisfaction, the long-term benefits of building up a strong brand can outweigh immediate costs (Hsiao & Chen, 2013). This chapter introduces the role of brand management in emerging markets, thus explaining the concepts of brand management system, corporate branding, brand performance, brand equity, brand awareness, perceived brand quality, brand association, and brand loyalty; the importance of brand strategy in emerging markets; and brand relationships toward effective brand management.

BACKGROUND

Branding is a powerful method of distinction (Pappu, Quester, & Cooksey, 2005). Brands play a central role in marketing and have attracted the attention of academics and practitioners over many years (Brodie, Glynn, & Little, 2006; Erdem, Swait, & Valenzuela, 2006). Strong brand names lead competitive advantages (Lee & Back, 2010), increase organizational cash flow, and accelerate liquidity in business (Miller & Muir, 2004), provide premium price, profitability and more loyalty for customers (Madden, Fehle, & Fournier, 2006). Branding supports the opportunity of brand extension (Yasin, Nasser Noor, & Mohamad, 2007). Building brand equity is considered as an important part of brand building (Pappu et al., 2005). Brand equity refers to the incremental utility or added value which brand adds to the product (Chen & Chang, 2008). In addition, brand equity is an appropriate metric for evaluating the long-run impact of marketing decision (Atilgan, Aksoy, & Akinci, 2005). Appropriate management of brand equity enhances: the increase in loyalty, flexible response to price fluctuations, more business support and cooperation, high effectiveness of marketing communications, licensing opportunities, additional opportunities for brand extension, more attraction and support from investors; and the decrease in risk of marketing activity and marketing crisis (VanAuken, 2005), and greater profit margins (Kim & Kim, 2005), thus increasing the ability to attract good employees (DelVecchio, Jarvis, Klink, & Dineen, 2007), and protecting the potential competitors which enter during outsourcing (Lim & Tan, 2009). Furthermore, brand equity is the result of consumers' perception (Yasin et al., 2007). The concept of brand can be traced back to product marketing where the role of brand and brand management has been primarily to create differentiation and preference for a product or service in the mind of the customer (Knox & Bickerton, 2003). The strong brand actually influences consumer perception; and brand loyalty primarily focuses on marketing mix variables. Brands can be successful when they are closely associated with consumers and are preferred by consumers over unbranded products (Rajagopal, 2009).

THE ROLE OF BRAND MANAGEMENT IN EMERGING MARKETS

This section introduces the concepts of brand management system, corporate branding, brand performance, brand equity, brand awareness, perceived brand quality, brand association, and