

## Chapter 23

# Building and Development of Dairy “Dana” Brand

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### ABSTRACT

*For success it is not enough to have the best and highest quality product, best price, the best distribution network, and excellent promotion; the most important thing is how the consumer values it. The market for dairy products in Serbia is dominated by products that were perceived as average and ordinary, consumed simply to meet basic nutritional needs. Agricultural company Sava Kovacevic had great products, but not brands. Development of brand “Dana” is focused on that specific benefits found to provide consumers a brand as well as a range of values that a new brand represents. The very brand strategy is developed after a detailed analysis of the product, consumers for which it is intended (their lifestyles, habits, attitudes, etc.), competition and market conditions, market position of competing brands, and their communication with customers and the general public. Therefore, brand image of the product is built along with its unique position in the market.*

### COMPANY OVERVIEW

Agricultural joint-stock company “Sava Kovacevic” was founded in 1946 and since 2003 after privatization exists as a joint-stock company representing an influential agro complex in Backa which includes significant agricultural production.

- Husbandry and olericulture on 4000 ha (wheat, barley, corn, sunflower, soybean, sugar beet...).
- Animal husbandry (dairy cows, beef cattle, calves, 2500 head of cattle).
- Meat production.
- Production and processing of milk.
- Seed processing.

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Dairy farm does business within the company since 1948 and it was first conceived only for milk pasteurization. However with the growth of the company the dairy farm was developed also and other dairy products were introduced. “Mlekara Sava Kovacevic” was fitted for production work for the first time in 1961 at the location at which it resides to this day. Capacity for milk processing was on average around 2000 litres per day. Milk was delivered from a nearby farm, and also bought from private farms.

After that in 1971 reconstruction of the dairy farm was carried out and the capacity was increased to 8000 litres of milk per day. Today installed capacity of the dairy farm is 35000 litres of raw milk. Its production mix includes 12 different dairy products.

“Mlekara Sava Kovacevic” joint-stock company has in 2007 introduced a new product brand of yogurt with 3.2% milk fat content which can today be found in the market under the name “Dana”. During 2007 all of the product line of the dairy farm are placed on the market with this name. It employs 34 employees that process about 2’300’000 litres of milk annually, with a tendency of increasing the amount of processed milk, introduction of new products etc. Website of the dairy farm is <http://www.mlekaradana.rs/>.

“Mlekara Sava Kovacevic” represents one of the medium sized dairy farms in Serbian market and the development of this brand is crucial for its existence and growth. Brand strategy is made after detailed analysis of the product itself, analysis of consumers for whom it was intended (their lifestyle, habits, views...), analysis of competition and state of the market, analysis of market positions of competing brands and their communication with consumers and general public. These efforts are directed toward finding specific benefits consumer gains from the brand as well as values which the new brand represents. Based on this the brand image of the product is built and its unique position on the market as well as in the consumer’s mind is determined.

## **CHARACTERISTICS OF THE DAIRY PRODUCTS MARKET AND MARKET ENVIRONMENT**

Intense competition in the market and variable conditions of business are steering companies to constantly seek new sources of competitive advantages. Market globalization has unified consumers in the demands they ask of companies and benefited the development of new marketing strategies which enable the growth of satisfaction and loyalty of consumers toward the brand, directly implying the improvement of financial performance in business. Brand management allows companies to reach global market relevance for a longer period of time. In accordance with dynamic changes in the environment and with anticipating competing trends, company management formulates long-term marketing and brand strategy. Creating and maintaining strong brands allows companies higher market dispersion, because of which brand management activities have become marketing priority. Brand management has become a critical factor for company competitiveness as a response to the dominant effect of globalization on business, market liberalization, removal of trade barriers and more intense competition in the business environment. Complex functions of brand management and the strategic significance of creating a brand of high value demands a systematic approach to business. Everyday expansion of new brands and their global availability points to a large profit potential of this field. Application of brand management concept isn’t limited to specific types of activity, which further contributes to the concept value. Accelerated trend of globalization and company efforts to keep existing and gain new consumers in conditions of rapid technological changes and innovative accomplishments, and under pressure from strong competition, implies business analysis in conditions of globalization.

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