



The role of strategic branding in sustainable competitive advantage

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Abstract

Branding is an operational strategy to distinguish the industry, besides at present time, companies and organizations are not only pursuing competition for owning the market of products and services, but also making effort to align customers' mental perceptions with themselves (product/ brand). Nowadays, the brand is no longer just a potent mechanism available for managers. Branding is a strategic requirement that supports organizations to make more profits for customers as well as sustainable competitive advantages. Sustainable competitive advantage is essential to maintain the survival of organizations at present competitive environment. Competitive advantage is an invisible structure and is inherently complex and demanding to identify due to its latent nature.

Keywords

Strategic branding, Sustainable competitive advantage, Brand association, Brand performance, Strategic scope, branding process.

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Introduction

The challenging and competitive world of present trade- market forces managers to evaluate factors whereby the continuity and success of an organization are affected. In one hand, an organization's transaction potency of plays the key role in advancing the goals and creating a competitive advantage (Heidari et al., 2013), since they are in an immediate association with the organization's customers. Strategic branding entails creation a sustainable competitive advantage. Over the last few years, Branding and brand have gained more attention than ever before. Although, branding may impose expenses on an individual or group in the short term but in long-term period it can take down marketing and transaction costs and enlarge customer loyalty. This is a review study to examine the role of strategic branding in sustainable competitive advantage.

Strategic branding

In order to make a positive relationship with customers, firms must effectively manage marketing strategies as an instrument to meet the needs and build customer loyalty. Considering that customer retention is an essential element in enhancing the company's profitability; Brand utilization and branding, with the aim of creating a long-term relationship between companies and their customers, are valuable assets that companies should pay special attention to. In other words, the brand is an effective tool for companies in identifying and differentiating products or services in the minds of consumers.

Sustainable competitive advantage

Maintaining the survival of organizations in present competitive environment leaves them with no choice but to gain a competitive advantage. Management theorists have proposed two approaches to gaining competitive advantage, an approach that is based on environmental opportunities and an approach that is based on the internal capabilities of the organization. There are numerous studies by researchers in the last two decades have proved that competitive advantage based on the internal capabilities of the organization is the best source for competitive advantage. Therefore, preferring this approach to analyze and study the source of competitive advantage is recognized as reliable and proved. For the sake of understanding the concept of competitive advantage better. Competitive advantage is the greater attractiveness of the company's offers compared to competitors in the eyes of customers. Also, competitive advantage is the ability of companies to attract customers to competitors, relying on organizational capabilities and capacities. Finally, competitive advantage is the values that the company can offer to customers so that these values are higher than customer costs (Hajipour and Momeni, 2009). There have been several definitions of competitive advantage. For instance, the situation in which a business is more successful than the businesses it competes with or something that makes it successful is the basis of value competitive advantage. A company has a competitive advantage whose activities in an industry or market where a number of other competitors are doing similar activities create economic value, and a company whose sustainable returns are higher than the industry average. A company has a competitive advantage that implements a strategy to create value that is not implemented by current and potential competitors (Asheghi Oskooi, 1399). The concept of sustainable competitive advantage arose when Porter (1985) proposed a variety of

strategies that lead to sustainable competitive advantage. Chaharbaghi and Lynch 1 (1999) stated that product and process can lead to sustainable competitive advantage. Kim and Maaborgen later suggested that managers should discover new industries and markets - the blue ocean strategy - instead of existing industries and markets - the red ocean strategy (Mohagher et al., 1400). Sigalas and Peca Economou (2013) have identified two scientific movements related to the concept of competitive advantage. The first stream focuses on business performance and offers a competitive advantage in terms of performance indicators, such as high relative profitability, above-average returns, profit-cost gap in financial performance; an economic benefit, positive differential benefits in addition to opportunity cost, and defines the margin between product market demand and final cost. The second stream focuses on the resources and capabilities of the firm, i.e. the factors that create competitive advantage. Sigalas (2015) argues that competitive advantage is an invisible structure, therefore, as a result of its latent nature; it is inherently complex and difficult to identify. He believes that competitive advantage is not equivalent to the resources that create it, such as barriers to resource mobility, market positions, as well as distinct resources and capabilities of the firm, and in addition, competitive advantage is equivalent to superior financial and operational performance beyond the firm average nor is it what Amit and Schumicher (1993) believe. Therefore, conceptually, the sources of competitive advantage, competitive advantage and superior firm performance are different from each other. Consequently, Sigalas et al. (2013) define competitive advantage as follows: "Taking advantage of market opportunities and neutralizing competitive threats that manifest it in returns exceeding the industry average." According to them, this definition integrates all the latest aspects in the concept of competitive advantage and completely separates the concept of competitive advantage from the sources that create it and the superior performance of the firm (Salimi et al., 2021).

Existing attitudes toward the source of competitive advantage

The strategy literature on competitive advantage has been influenced by the following two theories: industrial organization theory and source-oriented theory. Now, we present each of them.

* **Industrial organization theory:** According to this theory, the external structure of the industry determines the economic performance of the company. The theory of industrial organization or the attitude of industrial organization first emphasizes the external analysis of competition, which is best expressed by the framework of Porter's five competitive forces in industry. In models that are based on the attitude of the industrial organization, competitive advantage is the opportunity to achieve superior performance through the supply of non-differentiated products at a low price or by offering differentiated products that the customer is willing to pay the price difference., In this model, strategy is considered as a company's intentional response to industry / market requirements.

Source-oriented theory: Empirical evidence consistently has been stating that the structure of the industry might not be the sole determinant factor of competitive strategy and competitive performance. Thus, a group of resource-oriented theorists have emerged to prove that retaining the distinct gifts of strategic resources is the ultimate determinant factor of

strategy and performance. This attitude is exactly in line with the phenomenon of competition based on knowledge. Such a kind of competition states that the long-term success of an organization depends on what it knows and understands. Thus, competitors look at capabilities and competencies as the key to success against their competitors (Attaran et al., 2012).

The role of strategic branding in sustainable competitive advantage

Brand is a strategic requirement that supports organizations to production of more profit for customers along with the creation of sustainable competitive advantages for an organization. Companies may apply several strategies for branding; these strategies include manufacturer branding, wholesaler and retailer branding, mixed branding methods, and general branding. Research indicates that brands expand the quality of business marketing and superior pricing strategies, and assists companies to build sustainable business relationships and improve financial performance. Branding is a practical strategy to differentiate the industry, and in present time, Companies and organizations not only look for competition to reach the market of products and services, but also strive for aligning customers' mental perceptions with themselves (product / brand /). Strategic branding policy is considered as the main issue of a company's marketing strategy (Haghighi Kafash et al., 2020). Strategic branding creates an enduring competitive advantage through customer loyalty and value creation.

Conclusion

In order to make a positive relationship with customers, businesses must effectively manage marketing strategies as a mechanism to meet the needs and build customer loyalty. Considering that customer retention is an essential element in enhancing the company's profitability; Brand use and branding, are valuable assets that companies should pay special attention to with the aim of making a long-term relationship between companies and their customers. A persuasive brand provides a number of benefits to the company, such as; more loyalty and resilience in critical situations such as; more loyalty and resilience in critical situations, fringe. At present time, the brand is no longer just an effective tool available for managers. Branding is a strategic requirement that assists organizations to generate more value for customers as well as sustainable competitive advantages.

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