Abstract. The aim of the article is reveal brand value creation from different point of views: customers and stakeholders. Literature analysis suggests brand value has become an important metric for brand health for consumers and corporate performance metric for many companies and investors. However increasing consumer power, accelerated social media, marketing promotions companies threatens the foundations of brand value. This article focus on measuring the influence of advertising, sales promotions, brand community, innovations and other incentives on brand value after controlling for net income and lagged brand valuation of Lithuanian companies. The article was prepared by using comparative analysis of scientific literature, integrated brand valuation model, empirical results from some Lithuanian companies and the author insights on this topic.

Keywords: brand value creation, advertising, sales promotions, innovations, brand community, stakeholders.

JEL Codes: M31, G32;

1. Introduction

Today, the brand value creation depends not only of the company's efforts, but more on the market, there consumers and brand stakeholders are encouraging and supporting the process of brand value creation. Therefore, it is important, how brands will be adopted by stakeholders (i.e. consumers, employees and company leaders) and even transformed. Mechanism of common of brand value creation depends on networked communication dynamics, what will encourage stakeholder to contribute to product or service development and so on.

Managing factors of brand value creation has come to be viewed as critical long-term marketing performance of the company. (Sriram et al, 2007). Financial measures such as sales and profit provides only partial indicators of marketing performance (Mizik and Jacobson, 2008). Intangible, market-based assets, as brand community, product innovations, advertising and sales promotions on the other hand, provide deeper understanding of marketing performance, reconciling short and long term performance (Ambler, 2003) as well as connecting consumers, company and shareholder values (Srivastava, Shervani 1998). Only the few studies have considered the relative role of the integrated marketing mix (advertising, price promotion, product, and place) which might be called as the main factors of brand value creation from the company point of view (Chu, 2006, Christadoulides, 2009, Ataman, 2010, Stahl, 2012, Buil, 2013 and others). But much less studies have covered the factors of co-creation of brand value from customers’, companies’ and
other stakeholders’ point of view on the long-term brand performance. Thus, little guidance is available to companies regarding the relative efficacy of their various marketing expenditures in the long run.

This paper aims to evaluate brand value creation factors from different point of views of different stakeholders and to examine the influence of brand value creation factors and other incentives which have impact on brand value.

This article is based on the comparative analysis of scientific literature, qualitative research of Lithuania and providing the author insights on the subject. The scientific problem- what is the result of co-creation of brand value from stakeholders’ point of view?

2. Consumer and stakeholder description

2.1. Consumer definition in the contemporary society

Consumer is defined as a person who expresses the desire to buy, buy and use a product or service that a consumer's personal, family or household needs. (Bauman, 2002, Pranulis, Pajuodis, Smith, Virvilaitė, 2010). According to the French philosopher J.Baudrillard (2010), the consumer is driven by satisfying his needs, and in order to create successful human identity. That consumption has become a factor in determining the individual's social status, self-expression, and even self-awareness. But consumption still further encourage social differentiation, and the gap between rich and poor consumers. (Baudrillard, 2010). The user can be described as reaching and to meet their family needs to know their rights as a consumer, to take care of their social status and self-expression, to take care of their personal freedom of action in the free market. Consumers' perfect life defined by extrinsic values such as self-focus and selfishness and acquisition of material goods or image and position. These people have lower levels of personal wellbeing, they tend to over-consume and have concomitant high responsibility for environmental issues. Of course, they are not "perfect" at all. We now live in a society made up of people exhibiting more with the customers. In much of our consumption habits we no longer consume for the sake of delivering the real needs such as hunger or warmth so much as for abstract, created, extrinsically focused desires. Therefore, consumers no longer so much consume the brand as products, but as lifestyles and attitudes associated with brands.

2.2. Stakeholders’ description

Stakeholders can be described as interested entities or persons (Freeman et al. (2007), Also stakeholders is any group or individual who can affect the company's objectives, or face with the company's influence, in order to achieve those objectives. If the theory is a group of interested persons or person who owns part of the decisions or the results of the enterprise, in practice, they are classified as interest groups that can shape and steer the organization in a particular direction. Significant decisions regarding the development and deployment of innovation in an organization is made in response to the needs of the majority stakeholders.

According to T. Christensen et al. (2008), stakeholder influence creates an intrinsic value because of their management should be included in the strategy, planning and implementation of changes. Stakeholder management is based on the fact that the companies are huge, and their impact on society is quickly spreading. As a result, the company must increase accountability not exclusively to their shareholders, but also for different sectors. In this context, T. Christensen et al. (2008) distinguishes four types of company ownership interests:

• economic (Brand)
• legal framework;
• ethical;
• charity.

Economic (brand) and legal responsibilities associated with each of the business logic. Meanwhile, integrity and charity reflects the moral side, which does not comply with the principles of the business, but can gain a competitive advantage in brand value creation.

According to J. Solomon (2007) stakeholder groups include shareholders, employees, suppliers, customers, creditors, brand communities, public authorities and the general public, each of which directly or indirectly contribute to the brand value co-creation. Company employees interested in the company where they work activity and the more successful the company, the greater the value of the shares is expected to grow, the employees are more motivated by the work itself. The brand community interest in the activities of the company is a factor that includes the level of employment in the region, the population or environmental pollution. Authorities of the State interest in the organization gets three cuts. First of all, the authorities follow or company operates in accordance with the social, ethical and environmental standards, laws. Second, analyzes on various aspects (employment rate, monetary policy, market supply, demand). Third, the use of obtained knowledge of fiscal policy, investment in the country's economy and tax firms correction (Solomon, 2007).

Lenders include banks and other financial institutions’ creditors to be sure that the organization is solvent and will be able to cover its debts. Suppliers interested in two aspects of the company's activities. First, supplying raw materials, products or services, they want to be assured consideration. Second, the supplier expects the continuity of their marketing materials provided assurance. Customers want to be sure that they will be able to buy the same product or service. This is especially important for those customers who have purchased a product or service includes, integrates with your manufactured or supplied products (A. Mallin, 2004).

Value Creation interested parties are linked to their understanding and satisfaction. Organizations must understand the actual behavior of stakeholders and their potential for cooperation, and how they can help the company to achieve its objectives (which include the development and deployment of innovation in the organization), to assess stakeholder competitive threat. Stakeholder interests in the implementation does not involve making trade-offs. This includes innovation and business opportunities for the use, in order to target the interests of all groups in one direction.

2.3. Brand value co-creation

By emphasizing the active role of the customers in the brand value creation process, while examining the customer-company’s relationship that might be acknowledged that brand value is determined by customers; value in-use perception, rather than through value-in-exchange. (Merz et al., 2009) This shift in thinking about brand value creation probably becomes most apparent with the introduction of the customer equity concept (Blattberg and Deighton 1996). The consumer equity conceptualization constitutes a more customer-centric approach to brand management. This highlights that customer and brand equity are solely determined by customers and hence thorough their perceived value-in-use. This approach represents the view that customers of the company are co-creators of brand value.
The other scientist argued that not only external customers but also company’s employees (internal customers) co-create brand value. Consequently, this focus has contributed to an understanding that external and internal customers constitute operant resources. Especially it is evident in service industry, where the quality of the service thus brand image is determined by the qualification of employees and their perception of company’s brand values. Berry (2009) confirms that service branding framework applies that the company’s employees, rather than the product play a greater role in determining customer value. Service branding framework is the salient role of customer’s experience in the brand value creation process. Therefore, internal customer (i.e. employees) shape and represent the brand promises made to external customers. (De Chernatony, 2010) Brands represent the vision and culture of the company and that this necessarily involves employees to shape and represent the company’s values and that is way employees constitute important sources for creating brand value.

Contemporary brand value scientists by delaminating the collective and dynamic brand developing and value creation process, come to a conception of stakeholders as brand value co-creators. Brand value is dynamically constructed through social interactions of different stakeholders. (Merz et al., 2009) So, brand value is viewed as a continuous social process (Muniz et al. 2001), there brand value is being co-created through stakeholders-based negotiations or social interactions (Aitken, 2007). Thus the value is located in the minds of its customers and the wider group of opinion makers, stakeholders or brand community. Brand communities consists of specific set of customers who may or may not own the brand, but they are the part of the collective social unit centered on the brand and who adhere to the markers of community: consciousness’ of kind, presence of shared rituals and traditions, and sense of moral responsibility (Muniz et al, 2001). Relationship between Company, Consumers, Brand Communities is represented in Figure 2.

Figure 2: Relationship focus of customers, companies and stakeholders point of view

Source: Adopted from Merz et al. (2009 p. 337)

Furthermore, the relationships among the players in the brand value co-creation process (i.e. companies, including intermediaries, brands, and all stakeholders) warrant further exploration.

3. Brand value creation factors

Rocha (2012) has stressed that in co-creation of brand value each stakeholder has different role and impact. The main brand value creation factors can be divided to: internal and external factors.

Internal Factors: clarity of relationship and communication, consumers’ commitments, protection of brand, brand responsiveness and openness to brand community.
Clarity of relationship and communications means internally about what the brand stands for and its values, positioning, and proposition to its target audiences. Clarity of brand values should be articulated and shared across the organization, for informing employees making them brand ambassadors.

Commitment of consumers and brand communities: Internal commitment to brand, and a belief of customers and brand communities in the importance of brand. The extent to which the brand receives support in terms of time, influence, and investment.

Protection of brand: it is important, how secure the brand is across a number of dimensions: legal protection, proprietary ingredients or design, scale or geographical spread.

Responsiveness: The ability to respond to market changes, challenges, and opportunities. The brand should have a sense of leadership internally, and a desire and ability to constantly evolve and renew itself.

The External Factors can be authenticity, relevance, differentiation, consistency, presence, understanding.

Authenticity: The brand is soundly based on an internal truth and capability. It has a defined heritage and a well-grounded value set. It can deliver against the (high) expectations that customers have of it.

Relevance: The matching with customer/consumer needs, desires, and decision criteria across all relevant demographics and geographies.

Differentiation: The degree to which customers/consumers perceive the brand to have a differentiated positioning distinctive from the competition.

Consistency: The degree to which a brand is experienced without fail across all touch points or formats.

Presence: The extent to which a brand feels omnipresent and is talked about positively by consumers, customers, and opinion formers in both traditional and social media.

Understanding: The brand is not only recognized by customers, but there is also an in-depth knowledge and understanding of its distinctive qualities and characteristics.

4. Empirical study of brand value creation: Lithuanian case

Brand value can successfully be created today as advanced tools - emotional, experience in marketing, management of extreme moments, narrative scenarios based community development and fostering of employees at all levels advocates, carefully-considered brand extensions category scenario. (Balčiūnienė, 2013)

The aim of empirical study is to reveal what are the main features influencing brand value creation in Lithuanian companies. The 3 hypotheses, based on aim of the research, were formulated:

H1: Brand stakeholder (consumers, companies’ employees and brand communities) has bigger impact of brand value creation than company’s marketing actions.

H2: Integrated marketing mix (advertising, price promotion, product, and place) has a different impact on brand value.

H3: Brand value co-creation factors have positive effect on company’ performance.

The research method was selected as qualitative research (expert interview), where the 10 experts were asked 10 questions about the role of consumers, companies and stakeholders of brand value creation in Lithuanian companies and the marketing campaigns that have a long-term impact of brand values. Expert interview was chosen for its large experience, an expert can be a source of qualitative information and the Panel's opinion does not differ from the true solution (Rudzkiene, 2008) Questionnaire for expert interview was created according the brand value chain model and customers, company’s employers and brand communities brand relationship focus theory and were measured by open ended and Likert 7 points scale questions. Interview was conducted in via e-mail, during February-March, 2012 in Vilnius. There were questioned 10 competitive experts, having over 10 years practice in brand management and represents the
four successful brand fast consumer goods categories in Lithuania: food and beverages, personal care, household care products and telecommunications.

**H1: Consumers, companies’ employees and brand communities has bigger impact of brand value creation than company’s marketing actions**

Hypothesis was partially confirmed. Today, the brand value creation happening in the market, users are encouraged and supported. Therefore, it is important not only for what will be the original brand idea and communications, but also how it will be adopted by consumers and transformed to arrange for consumers, employees and other stakeholders thorough of networked communication spread, what mechanisms promote consumers’ willingness to contribute to product or service development, etc. Still, over time, general laws and rates of change. In the initial stage of brand development is usually important to have a good product, and by using effective marketing actions to secure the consistently growing brand awareness (i.e., brand recognition, and identification of elements interface with the selected product category). Awareness is growing far beyond through means of communication, but also in improving the quality of products and services, expanding its reach in the market, allowing certain users or groups try to reduce financial risk.

**H2: Integrated marketing mix (advertising, price promotion, product, and place) has a different impact on brand value co-creation.**

The experts were asked to rate from 1 to 7 the different marketing criteria influencing brand value. Selection and evaluation criteria were:

1. Brand market share annual change
2. Brand product innovation in the product category.
4. Brand marketing campaigns and sales promotions
5. Brand advertising investment share and the annual change
6. Brand communication effectiveness and image of traditional media
7. Brand communication effectiveness and image of social media.

To study the contradictory of expert assessments, H0 hypothesis was raised. The hypothesis is tested by estimating Kendall concordance coefficient W, according formula:

\[
W = \frac{12S^2}{m^2(k^3-k)}
\]

Where S2- sum of squared deviations; m- number of expert, k – number of expertise objects.

W values can vary from 0 to 1 (0 <W <1). In our case W has acquired 0.717.

The hypothesis about the fact that expert assessments are contradictory can be rejected, if calculated W value is not less than the critical value of Wα. However, the significance of concordance coefficient can be evaluated by \( \chi^2 \) criterion, by comparing estimated statistical and critical value.

- Statistical value in this case was calculated according to equitation: \( W \times m \times (k-1) = 21.51 \), with selected significance level \( \alpha = 0.05 \), and the f-degree of freedom (k-1=6).
- Critical value were found from \( \chi^2 \) critical values table \( \chi^2_{0.05} = 12.59 \)

In present case, calculated statistical \( W \times m \times (k-1) \) value exceeds the critical \( \chi^2 \) value, i.e. 21.51>12.59. Therefore, to be concluded that hypothesis that the estimates are controversial is rejected. Thus, the experts supported the study hypothesis that integrated marketing mix (advertising, price promotion, product,
and place) has a different impact on brand value co-creation. According experts, the most reliable alternative is 3 brand awareness and advertising appeal.

**H3: Brand value co-creation factors have positive effect on company’ performance.**

According to experts brand value creation of the main objective is to help increase the brand product sales and improve their profitability. For the brand positively influence the company's financial indicators, it is necessary to create the value. The development phase is very important to gather all information from the product category and consumers to choose the right brand development strategy. It is important to decide on the target groups of consumers and brand communication strategy. Of course, it is important to select and establish a brand attributes that contribute to a targeted clear communication about the product.

However, brand should create and maintain consumer and brand relationship. Therefore, it is necessary not only to raise awareness of the latter to create and maintain the desired image, but also to strengthen customer loyalty and attachment to it. Brand development is precisely the most important consumer and brand relationship. Companies developing the brand's needs to develop the close relationships are with the user to guide the attachment and create, enhance brand value.

Successful brands in Lithuania do marketing, product innovation, advertising and sales promotion activities. But at the same tame successful brands that is created in Lithuania (for example. “Svyturys” beer or “MAXIMA” retail chain) have a good idea and communication consistency. The customer must hear clear communication of the brand value. Depending on the industry and brand development strategy, communication can be a rational, emphasizing the functional suitability and emotionally, creating empathic attachment or, in other words, the desire to identify themselves with the brand. The brand value is co-created by customers, employees and brand communities can be called and intangible assets of the company – i.e. a kind of "emotional value" of the brand, which creates financial benefits for the company, the brand owner. "Emotional Value" is what you know about the brand image of the customers and what they have created of him. (Balčiūnienė, 2013) It is very important how company’s stakeholders behave the brand in respect of the extent agreed to pay for it, the market shares, which it creates a profitable enterprise. All business in the field of brands must be simple, easily recognizable and differentiate from competitors. If it is not enough awareness, the brand value need to constantly maintain and develop in order to maintain company performance. It is important that the user is attached to one brand or another. The attached site in particular has a positive emotional connection with the brand. Then the user is usually reasonably confident that his favorite brand, and thus the product is the best. Thus, H3 hypothesis was confirmed by collected opinions from experts.

5. Conclusions

To summarize all the issues discussed in the article, the following conclusions can be made:

- Brand value creation has come to be viewed as critical long-term marketing performance of the company. So various process of creating value for a brand that aligns with company’s actions, brand perception, customer behaviour and financial performance of the company measures were introduced.
- Brand value chain definition was introduced, that is attempts to show the cause-effect patterns and attempts to explain how company’s marketing actions translate into market and financial performance and the company’s marketing actions.
- The conceptual model of co-creation of brand value along with was created combining the brand value chain and the context common creation of brand value with consumers, employees and other
stakeholders (brand communities), which through organized networked communication introduce the dynamics of the model.

- Empirical study of Lithuanian companies has proved hypotheses of consumers, companies’ employees and brand communities has bigger impact of brand value creation than company’s marketing actions. Integrated marketing mix (advertising, price promotion, product, and place) has a different impact on brand value. The biggest impact has brand awareness and advertising appliance. Successful brands in Lithuania should have innovative idea and effective communication through traditional and social media to support brand value creation.

- Despite that all businesses to quantify the value of the brand – it is relative metrics. The same sign a financial estimate could vary considerably, depending on the purpose and the methodology has been evaluated (as measured operating company's financial statements reflected the value of trademarks and licenses for activities to establish brand equity, brand value of the company's acquisition of brands as a partial asset sales value, and so on.).

- In addition, future research may further examination the brand value co-creation process. And development of brand value measures (quantitative and qualitative) that would capture essence of the brand value co-creation process (in terms of process-oriented approach to assessing brand value) as measuring long-terms value of the brand.

6. References


