Research paper

Brand Management Challenges in the Context of Recession

Submitted in August 7th
Accepted in October 1st
Evaluated by a double blind review system

ANA F. ANTUNES DE SOUSA¹
VICTOR TAVARES²

Structured Abstract

Purpose: The research carried out aimed to study the main challenges being faced by companies in the process of managing their brands in the context of recession, involving the analysis of impacts on the professional profile of those responsible for the brands and on the approach to and choice of brand strategies.

Methodology: The methodology is based on a qualitative approach focused on the perceptions and practices of brand management from the perspective of marketing executives from the middle and upper management of Unicer Bebidas, S.A., involving the analysis of a case study, namely “Água das Pedras”, through in-depth interviews and related documents.

Findings: This research study enabled the identification of: (i) the set of skills critical for a more effective brand management (resilience is particularly relevant in the focused context); (ii) important requirements for the strategic planning of the brand; (iii) fundamental strategies to leverage brand value; and (iv) new roles of the brand managers.

Research limitations: Results need to be replicated and confirmed in different companies, from distinctive economic sectors and it would be beneficial to integrate these results with the view of the main marketing and brand management consulting companies and carry out a comparative analysis about the subject under research.

Originality/value: The paper emphasizes the importance of focus in brand management, especially in a context of recession, as well as the prominent need to conceptualize the brand in a global market. A contribution is made in order to identify and analyse the critical skills that brand managers need to strengthen in times of uncertainty and which dimensions of co-creation value and brand management are more relevant in the focused context.

Keywords: Context of recession, brand management strategies, brand management, brand, resilience.

¹ Universidade do Minho. E-mail: asousa@eeg.uminho.pt.
² ISAG - European Business School. E-mail: vmtavares@isag.pt.
1. Introduction
Choosing the subject of brand management challenges in the context of recession resulted from the combination of several factors, namely: (i) the increasing interest on re-focusing the research attention on the customer perspective and the importance of the underlying proposition linking to co-creation that involves customer’s active involvement in interaction with supplier in each phase of the process, from product design to product consumption (Payne, Storbacka, Frow, & Knox, 2009), (ii) the need for a reflection about the implications of a structural, lasting and severe economic crisis on brand management practices and (iii) the importance of the subject of resilience applied to management in the currently focused context.

It is recognised that brands have become communication facilitators about personal and social issues, and there are several points of contact between brands and customers that enable the creation of a complex and diverse relationship between the customer and the company. According to the increasing complexity of this type of relationship, companies become unable to control the brand equity in their entirety, making it necessary to identify effective strategies for the management of this brand new context.

Several authors have been showing that brands that remain on top during periods of recession invariably place their focus on value (Chernatony, 2001, Raggio and Leone, 2009, Aaker, 2010 and Marwa et. al, 2011). Therefore, it is important to understand what companies can do to satisfy the consumer's rising demand for value. Trust, credibility and quality are fundamental characteristics and, in periods of recession, consumers can realize which brands fail to meet those requirements. Consequently, brands, which show these characteristics, are in a favourable position that allows them to ensure customer loyalty.

The aim of this paper is to identify and characterize the main challenges that companies face in the process of managing their brands, specifically in a recessionary environment, as well as suggest strategies and possible conducts that help companies’ managers to overcome the difficulties encountered.

The authors structure the article as follows: first, they review the nature of the co-creation value and brand management. Second, they discuss the importance of resilience for brand management in the context of recession. Third, they refer the model of analysis that structured the investigation, as well as the research problem and questions. Fourth, they explain the methodology using the case study research to illustrate the application of the model of analysis to a company-specific context. Finally, they present the results and discuss the contribution of the article together with managerial implications and suggestions for future research.

2. Literature review

The co-creation value and brand management

Considering a brand as “a name that influences buyers” (Kapferer, 2008), it raises the challenge within brand managers how to make a name become a brand and how to evoke desirable associations among consumers. The author highlights that characteristics such as the saliency, differentiation, intensity and trust attached to these
associations are the main responsible for making a name becoming a brand. Furthermore, as Tavares (2005) underlines there is an important evolution in the theory of brand towards a more holistic approach to the brand (instead of a single conceptual approach), brand conceptualized at a corporate level and centred of the product or service, the change from a one-dimensional concept to a multidimensional and engaging one, the importance of the brand as a main asset of the business strategy, encompassing the tactical element of marketing however, not restricted to this and finally, brand management designed in a glocal way, which means to provide a comprehensive and global strategy for the brand with a local practical application.

As Piercy, Cravens, and Lane (2010) underline the economic recession of the late-2000s has impacted the business and the market landscape radically and the economic recovery has not been the same to the different organizations. Consequently, it is urgent that companies’ managers face the “new normal” and make an effort to realign the marketing strategies, taking into account that the economic recovery brings new opportunities but also risks and challenges. In addition, the authors draw attention to the fact that the post-recession consumer will demand for simplicity, be more concerned with ethical business governance, desires to economise and is more available to flit from one offer to another.

Grundey (2009) also sheds light on the subject and states that the economic crises has affected different markets and impacted consumers’ buying behaviour, once they buy according to special offers and give little attention to brands’ advantages and their messages. Additionally, the author also points out that some of the major market players started price wars, which end up harming brands, consequently not being a solution during economic downturn, especially for well-known and established brands. Hence, in an attention economy where consumers feel overwhelmed with information and most of the times cannot spend their time comparing in order to make a choice, brands must be capable of transmitting trust and confidence, acting as a time and risk reducer. To face these challenges, brand management defined such as the development and maintenance of a set of attributes and values of a product, should be consistent, appropriate, distinct and appealing to consumers (Murphy, 1992) and may require that managers reconsider their market approach regarding its relation with consumers.

Since the past decade, the marketing discipline has been under scrutiny regarding a possible paradigm shift where services became protagonists instead of ‘goods’ as Vargo and Lusch (2004) advocated. The authors support that the central concept in S-D logic is that service – the application of resources for the benefit of another party – is exchange for service. Following this perspective, customers are involved in a dialogue and interaction with their suppliers during product design, production, delivery and consumption, and the term of co-creation has been used to describe this customer-supplier interaction. The service-dominant logic proposes that value starts with the supplier understanding customer value-creating processes and learning how to support customers’ co-creation activities. This implies that the fundamental preposition of this logic is to consider the customer as “always being the co-creator of value” (Vargo & Lusch, 2004), which provides an opportunity to look at branding and brands through the lens of co-creation and customer experiences (Payne et al., 2009).

As Prahalad and Ramaswamy (2004) highlight in their article entitled “Co-creating unique value with customers”, nowadays consumers seem to have more options, however, are less satisfied. This reality has forced the company leaders to reevaluate the traditional system of company-centric value creation and participate in the co-creation of unique value with customers. The authors advocate that managers “must attend to the quality of co-creation experiences, not just to the quality of the firm’s products and
processes”. This involves the co-creation of value through personalized interactions that are meaningful and sensitive to a specific consumer.

This research aims to provide further knowledge concerning how brand managers conceptualize consumers’ value creation particularly in a context of recession.

The importance of resilience for brand management in the context of recession

The longevity of the organizations depends on their ability to adapt to the context and the resilience of its human resources to overcome the strategic challenges and face adversity, principally in times of recession. Concerning the application of resilience to the management of organizations, it is important to underline its sociological definition as "the ability of groups or communities to handle pressures and external disturbances that result from social, political and environmental changes" (Adger, 2000, P. 347).

Hence, some case studies about resilience in the management of organizations and about the relevance of this construct for the brand manager in the context of recession should be highlighted (Gunderson et al. 1995; Berks and Folke, 1998; Gunderson and Holling, 2002); studies which show that difficulties in management arise when the stability of the ecological processes fundamental to economic and social objectives leads to a loss of resilience (Walker et al., 2006). This loss tests the adaptive capacity of the system's human dimension and, for a better understanding of the patterns of change, several explanatory factors have been put forth, namely, adaptive cycle (Walker et al., 2006), resilience (Brand and Jax, 2007) and transformability (Walker et al., 2006).

Keeping a system from chaos, or having the ability to change its underlying structure, requires innovation and skills, a high level of agreement about the actions to be taken and a combination of options relating to financial resources and infrastructures (Walker et al., 2006). If any (or all) of the aforementioned aspects is severely limited, the system may inevitably go over the boundary.

Another factor that is important to stress is the adaptability of systems and the importance assumed by social capital, especially when understood as “the social capacity to respond to change” (Walker et al., 2006, P. 7). To that end, there are three major determinants of social capacity: leadership, social networks and trust (Walker et al., 2006).

For leaders, the world has become faster, more interconnected, and riskier. The style of leadership must be dynamic, as the adaptive cycle has different stages, requiring an adaptation of the leader to the different issues characteristic of each stage. Motivation and cooperation are strongly dependent on the structure of social networks and on the circulating flow of information (Walker et al., 2006). A lack of trust and interfering in the flow of information or in the structure of the social network cause the system's resilience to decrease (Walker et al., 2006). In a context of economic recession, it is essential for brands to foster trust in their internal and external customers, in order to communicate with transparency, ethics and integrity (Ceitil, 2006).

Learning through experimentation and innovation is necessary to test and develop knowledge and to understand which skills are needed to deal with the change and uncertainty that characterize the current reality.

Therefore, innovation and competition are fundamental to organizations, as they increase resilience, i.e., they enhance the adaptive conditions of socio-resilient systems. However, it is fundamental for these systems to always be able to transform themselves continually. Hamel and Valikangas, 2003 in Marwa et al, 2011 “argue that resilient companies should seek a balance between perceived opportunities and risk, fostering some attributes such as foresight, agility, staying power, entrepreneurialism and
diversity”(P. 339). Prudent quality management is based on protecting these attributes and on permanent communication with an organization's stakeholders.

3. Model of analysis

This research study adopted the following model of analysis:

![Figure 1. Model of Analysis](image)

**Research problem and questions**

The research problem was formulated thusly:

- Which are the main challenges being faced by companies in the process of managing their brands, in view of the singular characteristics of the context of recession, and how can those challenges be dealt with?

The research questions, which guided the research study, were the following:

Q1: Which are the critical abilities/skills to be developed for effective brand management, in view of the increased risk arising from the new contextual challenges? What is the relative importance of resilience?

Q2: How can the strategic planning of the brand be done in the context of recession?

Q3: Which brand value leveraging strategies should be specifically considered in that context?

Q4: How are the challenges linked with the current recession changing the role of brand managers?

4. Research methodology

The issue of brand management challenges in the context of recession is an emerging subject that requires inductive reasoning; therefore, the qualitative paradigm was chosen. It is process-oriented, non-generalizable (isolated case studies), holistic and presupposes a dynamic reality (Reichhardt and Cook, 1986, P. 29). In this kind of
research “the main concern is not whether the results are generalizable, but rather what contexts and individuals they can be generalized to” (Bodgan and Biklen, 1994, P. 66).

Considering the nature of the investigation, which approaches a current, real and developing phenomenon, the illustrative case study (Yin, 1994) option was chosen, enabling an analysis of how the concepts and recommendations from the reviewed literature fit into company practice. Choosing the “Água das Pedras” case was based on its inclusion in “Superbrands – Marcas de Excelência em Portugal 2009”, dedicated to promoting Brands of Excellence by focusing on identifying exceptional brands and analysing their performance in all major geographic markets, awarding those that go above and beyond their competitors.

Three qualitative, semi-structured interviews were carried out with professionals from the middle and upper management of Unicer Bebidas, S.A. The following individuals were interviewed: Head of Marketing for Drinking Waters and Soft Drinks, Head of the Department for Innovation and Development and Head of the Department for Market Research or Consumer Insight.

The interview was structured into two sections:

I – Background: characterized by more structured questions whose purpose was obtaining data about the history of the “Água das Pedras” brand, i.e., how the concept emerged, how it was developed, the distinctive aspects of the brand, who are the main customers and competitors and characterization of the market.

II – Critical brand management challenges in the context of recession: represented by open-ended questions whose focus was on deepening the research questions and obtaining detailed knowledge about the experience of those responsible for the “Água das Pedras” brand. There is an appendix used after each research question wherein several specificities inherent to each question are laid out which enable the assessment of its degree of importance.

5. Results

The results obtained for each research question can be summed up as follows:

| Q1 - Critical abilities/skills to be developed for effective brand management, in view of the increased risk arising from the new contextual challenges |
|---|---|---|
| - Adaptation and change | - Flexibility | - Planning and organization |
| - Analysing and solving problems | - Priority management | - Proactivity |
| - Attention to detail | - Time management | - Resilience |
| - Strategic understanding | - Negotiation and persuasion | - Problem solving |
| - Creativity | - Customer orientation | - Working in adverse conditions |
| - Communicational effectiveness | - Results orientation | - Teamwork |

| Q2 - Practicing strategic planning of the brand in the context of recession |
|---|---|---|
| - Based on selective opportunism to identify opportunities as they arise | - Supported by a perception of change, first and foremost | - Seeking a balance between perceived opportunities and risks taken |
| - Paying particular attention to risk and uncertainty during the planning stage | - Willingness of the CEO and of other individuals | - Accepting the need for change |
| - Developing specific strategies to address the identified opportunities | - Responding to the changing market conditions | |
recession
- Choosing the strategy by attributing priorities to key-scenarios and according to the attitude towards risk
- Implementing strategic marketing brand management behaviours in times of recession

responsible for the brand to reach a dynamic strategic agreement
- Implementing strategic marketing brand management behaviours in times of recession

strategic change when necessary
- Considering the company's sustainability

Q3 - Brand value leveraging strategies which should be specifically considered in the context of recession

- Anticipating competitive advantages
- Auditing the investment in the brand
- Increasing customer understanding
- Assessing the essential and focusing on it

- Paying attention to the environment
- Defensive strategy
- Behavioural strategies
- Doing more with less

- Focusing on contingency planning
- Managing risk
- Thinking globally, not nationally
- Progress and innovation

Q4 - How the challenges linked with the current recession are changing the role of brand managers

- Passionate defender of the brand who has a clear strategic vision about it
- Management of brand identity and of the dimensions of brand capital
- Responsible for upstream and downstream dialogue with the brand's stakeholders
- Responsible for brand development or brand termination programmes

On the first research question, concerning the critical skills to be developed for effective brand management in the focused context (Ceitil, 2006), 75% of the characteristics reviewed and suggested to the interviewees were considered very important.

In the process of analysing the empirical data collected, it was observed that one of the main skills considered critical for a Head of Marketing is focus, described as the need to focus on the essential, avoiding dispersal among several segments, and as an orientation towards the external market. The person responsible for innovation and development highlighted that effective brand management presupposes an aspect of sustainability, which consists on how long people remain in the organization, given that knowledge management is often outsourced. To that end, it is essential for organizations to invest in managing their human capital and, above all, in the identification of the individuals who possess the know-how, i.e., experience.

On the second question (Kotler and Caslione, 2009, Piercy et al., 2010), aiming to identify how the strategic planning of the brand should be done in the context of recession, it was ascertained that 90% of the requirements previously identified for strategic planning of the brand in the context of recession were considered very important for the Head of Marketing. It was observed that one of the main aspects considered critical for defining the strategic planning of the brand was that the strategy be known by all, that there be a shared vision about it and, fundamentally, on a first level, that there be an agreement with the Administration. Currently, the “Água das Pedras” brand has a clear strategy understood by all and there is strategic alignment between the organization's human resources.

On the third question (Flatters and Willmott, 2009, Raggio and Leone, 2009, Aaker, 2010 and Marwa et. al, 2011), relating to the identification of the brand value leveraging strategies which should be specifically considered in the referenced context,
50% of the strategies put forth were considered very important by those responsible for the brand. Additionally, the person responsible for innovation and development mentioned that, in the current context of recession and uncertainty, it is fundamental to have teams responsible for monitoring cases of success and failure in the market.

Lastly, the fourth question sought to analyse how the role of the brand manager is changing in view of the emerging new challenges linked with the current recession (Aaker, 2011, Bond et. al, 2009), having been observed agreement with all the roles put forth.

6. Discussion

The research carried out largely confirms the proposals contained in the reviewed literature and highlights the importance of focus in brand management, especially in a context of recession, as well as the prominent need to conceptualize the brand in a global market.

A customer-oriented approach, always considered very important, currently takes on greater relevance, given the need to exceed customer expectations and to earn customer loyalty. It is recognised that consumers now seek to exercise their influence in every part of the business system, participating with companies and thereby co-creating value.

Considering that price is preponderant, white brands seek to gain ground, and it is more and more necessary to invest in an emotional relationship with the brand. Currently, integrated marketing communication assumes greater importance, given that it is necessary to invest in building and delivering value to the consumer – a fact that is corroborated by this research –, in conjunction with considering the time management factor.

Indeed, a strong recovery strategy for the current context characterized by uncertainty should encompass several elements, such as leadership, HR management, customer focus, agility in process management and innovation (Marwa et. al, 2011).

As far as innovation is concerned, the results of the research carried out have evinced that it is always necessary (as it represents divergent thought). However, the need to distinguish between sustained innovation (incremental) and disruptive innovation (rupturing) was observed. Currently, we are going through a stage of sustained and not disruptive innovation, and it seems there is a tendency for consumers to go back to the basics, i.e., consumers like to experiment more, even if they then go back to monotony. The research results have also shown that resilience is an essential skill for managing the brand “Água das Pedras”. Indeed, currently, the organization's teams tend to be more resilient than they were in the past.

To ensure strategic planning of the brand, it is fundamental that the main people responsible for the brand are able to perceive change, i.e., it is necessary for them to know the brand's internal and external customers in depth and to value new ideas for making the brand profitable.

The research study carried out also points to selective opportunism (Aaker, 2011) as one of the important requirements for strategic planning, i.e., the identification of opportunities and the exploration of those discoveries. As far as the key-scenario building requirement is concerned (Kotler and Caslione, 2009), the empirical results corroborate the theory and, at Unicer, there are specific goals for brand management.
and, in case these are not achieved, e.g., due to episodes of turbulence, there is always an alternative scenario: a plan B. Presently, the alignment between the CEO and those responsible for the brand, to establish a dynamic strategic agreement, is important and fundamental to brand success.

Turning to the main brand value leveraging strategies, which should be specifically considered in the current context of recession, the research emphasizes the anticipation of competitive advantages as a very important strategy, given that it promotes leadership, as well as strategic communication with the customers. The strategies of auditing the investment in the brand, increasing customer understanding, assessing the essential and focusing on it, focusing on contingency planning and paying attention to the environment (Ceitil, 2006), were also considered essential, as all the investments in the brand are analysed and assessed to know the return on the investment.

Due to the increasing difficulty in drawing up innovative marketing programmes, one of the challenges set forth is to define a new category or subcategory, as a way to build barriers around consumer relationships, and to innovate constantly to prevent competitors from reaping the benefits of the new offerings (Aaker, 2011). The empirical study carried out invalidates this theory, given that creating a new category or subcategory of drinking water is not part of the strategic planning of the brand, due to a change in the strategy of the players in the market, in conjunction with a change in consumer habits (consumers are in a back to basics stage). It is also important to highlight a brand manager's ability to implement “glocal” strategies for products and brands. Still within the subject of brand value leveraging strategies, even though the literature does not mention this, the person responsible for innovation and brand development added that a more positive attitude will be required.

Focusing now on the change in the role of brand managers due to the challenges arising from a context of recession, the empirical study carried out supports the theory and sustains that the brand manager should possess detailed knowledge about the business, whether upstream or downstream, and be able to communicate effectively with all the stakeholders. Indeed, the brand manager should defend the brand passionately and pass this feeling on to his/her team. In a context of recession, the empirical study carried out has also reinforced the importance of the manager's role as the person responsible for the brand's strategic development (acting as the owner of the brand), able to ensure the defined strategic planning, namely the dimensions of brand capital, always with a clear vision of brand identity and, simultaneously, able to see things from the consumer's perspective and “experience” the brand, to know which are the actual consumer expectations and how the consumer relates to the brand.

Finally, a future challenge for the brand manager will be this professional's ability to listen and rely more and more on his/her intuition, feelings and experience. In a global world where companies exist in a competitive market and have access to the same tools, what really sets professionals apart is each one's ability to be a unique person who believes in him/herself.

7. Research limitations and suggestions for future research

This was an in-depth case study research and it is, therefore, impossible to generalize the conclusions. It would be important for future research to replicate the empirical study in different companies, with different brands and different researchers. It would also be relevant to interview the people responsible for the main marketing and brand
management consulting companies and carry out a comparative analysis about the subject under research, to understand if there are significant differences between the vision of those responsible for the marketing and brand management companies and the perspective upheld by those responsible for the brands in organizations. Moreover, it would be valuable to get further knowledge regarding the distinctive marketing strategies that brand managers’ use to reach every consumer, particularly those with reduced amount of revenue.

Another interesting avenue for research could be to analyse if each organization has a resilience drill that might be activated whenever a threat, or a potential threat appears, and if so, identify which are the main mechanisms responsible for guaranteeing the protection of the brand.

Finally, considering the global context within which organizations act, it would be useful to replicate the empirical study in other countries, and to analyse if there are differences between the results of answers to the research questions asked in companies with similar characteristics.

**References**


Piercy, N. F., Cravens, D. W., & Lane, N. (2010). “Marketing out of the recession: recovery is coming, but things will never be the same again”, Marketing Review, 10(1), 3-23.


