

# **Brand Re-building of "XYZ" company performing in alcoholic beverages industry in Armenia**

Marketing and Management  
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Acknowledgements, motto and a declaration of honor saying that the print version of the Bachelor's/Master's thesis and the electronic version of the thesis deposited in the IS/STAG system are identical, worded as follows:

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## ABSTRACT

In the modern world, we can't conceive of life without the notion of "brand". It has so deeply permeated into our lives deeply that we often judge about one's character, social status and welfare depending on the preference he gives to this or that brand. It's just enough for a man to call 2-3 brands he has the liking for, and our mind pictures his image. For instance, if a man prefers Mercedes, Rolex and Cerutti, we at once imagine a wealthy man in his late 40-s. If one gives preference to Snickers and McDonald's, we immediately think of a teenager. Anyways, this kind of associations may be inaccurate (for instance, perhaps there may be millionaires preferring McDonald's, or teenagers driving Mercedes).

However, one thing is for sure: people pick up a brand the way they choose a friend - a person with certain typical features. Personality is the visual and verbal expression of the brand; it conveys the very essence and nature of it and should have impact on all the senses. Personality supports, expresses, conveys and synthesizes brand making it vivid and visible.

It's the simplest, shortest and universal form of communication. You may see it, touch it, hold, hear or see it moving. It starts from the name of the brand and trademark, exponentially grows into a matrix of tools and communications. It can be seen on visit cards and websites, ad campaigns, on planes or traffic signs. It enhances consumer awareness about the brand and helps expanding the business.

All types of companies - start-ups and old ones, companies seeking to reposition or change their image- need to have effective brand personality. The best conceptual solutions of brands personality are well memorized and differentiated. They are meaningful, authentic, reliable and flexible and are of apparent value. They are easily and quickly recognizable in any countries despite varieties in cultures and traditions.

However, no matter how popular or well thought-out your brand is, sooner or later its popularity will turn out against it. Over-popularity turns into ordinariness becoming dull and boring. That's exactly the time that one should add up a drop of freshness and creativity to its brand -this is the right time for rebranding.

**Keywords:** Brand, rebranding, strategic management, marketing research, brand promoting, marketing analysis



## **THEORY**

## 1. BRAND AND REBRANDING: WHO IS WHO?

### 1.1. What is brand?

*Products are made in the factory, but brands are created in the mind. (Walter Landor, Landor Associates founder)*

Since the beginning of time, people have the need to communicate with each other which resulted from the desire to answer a number of universal questions: Who am I? Who is interested in? Why do people want to learn about it? How can they learn it? What response do I expect from them? People, communities and organizations try to express their unique identity the way they are able to. Starting from rock paintings in the LascoCave up to the digital messages sent through satellites, mankind has created and is still creating an endless palette of visual and verbal messages. (Zhuravlev, Pozdnyakov, 2004)

People have always used symbols to express their individuality, their pride, loyalty and claim their rights for owning certain things. The power of symbols is an elusive and enigmatic phenomenon. A simple symbol may evoke memories and bright emotions if it is featured on a flag, carved in a stone or attached to a letter sent through e-mail. The paces of life are speeding up and this is what will make brands use the power of symbols more and more often in the future.

Struggle for visibility is almost as old as heraldic banners at battles in the middle Ages. Now the opportunities of perception management are not limited by physical restrictions - they stretch to the cyber space and even outside its borders. Fiefdoms turned into commercial enterprises nowadays and likewise, what was formerly heraldry is now branding. The struggle for physical possession of territories now turned into a competition for people's minds. (Yemelyanova, Zhuravlev, Zhuravleva, Telyatnikov, 2002)

Taking into account the above mentioned, one should recall the research of Zhuravlev and Zhuravleva, 2006, and his colleagues. In their works, they developed the category of relations between economic consciousness and behavior. The authors define the economic

consciousness as "social notions, attitudes, relations, assessments, opinions etc about various phenomena of economic character (economic objects)".

Zhuravlev and Zhuravleva, 2006, point out social and psychological essence of the phenomenon underlining the following functions:

1. Reflection of social and economic life conditions, micro- and macro-economic environment;
2. Ability to be one of the psychological regulators of people's economic behavior in a social environment. (Zhuravlev, Zhuravleva, 2006)

The economic behavior is defined as "various outer forms of activity of an individual and group subject toward various economic objects. (Zhuravlev, Pozdnyakov, 2004)

Summing up the results of the researches of Russian economic psychology, Zhuravlev, 2005 came to a conclusion that the phenomenon of the attitude to economic objects including cognitive, emotional and motivational (stimulating) components is more likely to take up the role of the phenomenon of economic consciousness. (Zhuravlev, Kupreychenko, 2005).

Such kind of understanding of the attitude creates a good prospect for studying consumer awareness and behavior.

Phenomenon of consumer's attitude toward a brand is one of the main regulators of consumer behavior. The system of attitudes of a consumer to various brands fulfills a number of important functions including the social identification of a consumer, his orientation in the world of diverse goods and services, easing up the emotional tension in the situation of "despotism of choice" and others. The concept of "brand" refers to the marketing sphere and is a non-material marketing asset of a company. It is owing to a brand that the major share of the cost of enterprise and most of the assets of developed countries are formed nowadays.

The interest towards a brand as a marketing notion is conditioned by objectively narrowing opportunities of product and market management solely through technological and economic levers. Such key notions as "product", "exchange", "price" and "market" "ced-

ed” their positions to the communicative aspect of the marketing strategy. Kotler, 2004, notes that a company currently should sell its items (services) with original, appealing and informative messages which would persuade consumers' that they needed the items (services) and that's why an enterprise should pay special attention to its communicative policy. (Kotler, 2004)

The notion of "brand" is one of the most widely spread in the modern marketing literature and advertising. However, it doesn't have a clear definition. The borders and content of the category vary - each practitioner and theoretician of marketing and advertising advances his own one. With this being said, we may point out two contradictory approaches in the understanding of brand.

Such approaches are well illustrated by an article by Clifton, 2008. He cites two contradictory definitions given in Oxford Dictionary of various editions pointing out that the notion of "brand" still means mainly the following:

- (in a passive form) an object through which a certain kind of impression is formed and
- A process of forming that impression (in an active form). (Clifton, Simmons, 2008)

Many marketing specialists stick to the "active" conception of a brand. In the majority of cases, the image of an item or trademark in the mind of a consumer is understood as a key psychological formation referred to as a brand. For instance, Andreeva, 2003, defines brand as a psychological formation stating that the first level of psychological element in the concept of brand is represented by images of perception and notions, values and attitudes. According to her, all of them are closely linked to expression of individuality and various personality traits and features of a man incorporated in his consumer behavior. (Andreeva, 2003)

However, if we define brand as a process of formation or some psychological formation, it is alienated from its core meaning, i.e. trademark with its characteristic features. The thing is that consumers find out about the psychological components noted by the authors who stick to the active form of brand conception only after reflecting attributes of the

trademark in their minds. The complex of cognitive process forming the "image" of an item - combination of impressions, perception of the trademark, emotional attitude and positive expectations, behavioral responses- is formed only after brand reflection. That's why we think that it's more appropriate to study brand from the standpoint of its "passive form" - as an object through which the psychological features are formed.

This is the kind of an approach that is reflected in the definition of "brand" in American Marketing Association: "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers. A brand may identify one item, a family of items, or all items of that seller." Kotler, 1995, one of the foremost marketing gurus, defines brand as a complex symbol that can convey up to six levels of meaning. The author consequently adds that the symbol is formed during an experience of consumption and marketing actions - attributes, benefits, value, culture, brand individuality and user personality. (Kotler, 1995)

A number of psychological and sociological researches point out the key role of the symbol in the psychological structure of the brand. They claim brand has a function of promising qualities meeting consumers' values and motivational expectations. It's found out that the original functions of an item change over time as it gains subjective value and additional features conditioned by the social situation of its use. It results in forming the sense of identity, belonging to this or that group (for instance, Mercedes car allows a consumer to refer himself to certain group).

This is how some market researchers envision the essence of the brand. For instance, Jones, 2005, defines brand as a product meeting functional needs of some users and is of some extra value for them which may cater to some of their psychological needs and motivate to purchase. These kinds of values are emotional (for instance, the prestige that a man using American Express platinum credit card may feel. This approach suggests that the majority of brands have a limited scope of functions and the added values provide non-functional edges. (Jones, 2005)

The analysis of the notion of "attitudes" mentioned above allows us to describe the attitude toward a brand as the main regulator of consumer behavior. If considering a brand as an object with socially significant features, the application of the phenomenon of attitude proves quite appropriate.

The consumer's attitude toward a brand is an evaluative disposition (predisposition) to the trademark, an item which regulates the selective direction of a consumer behavior. The attitude is complex in structure and includes cognitive, emotional and motivational (stimulating) components. The cognitive component comprises beliefs, notions, opinions and all the cognitions formed as a result of initial familiarization with the trademark. The emotional component involves various emotions, feelings and experiences linked to the brand. The consistence of emotional and cognitive component forms up the motivational (stimulating) component which is expressed in behavioral intentions related to the brand. The intentions may include various expectations, aspirations, goals and action plans, everything which a man is going to do. At the same time, the intentions are realized in the behavior of a consumer in certain situation. This regularity is noted by many marketing specialists who unearthed steady behavioral responses to the certain brand. In other words, the authors note the readiness of a consumer to act this or that way in accord with his emotions and assessments to the definite brand.

To ensure effective operation of an enterprise and achieve competitive edges over rivals, the approaches to working out a development strategy are based on the system analysis of the market, consumer behavior and the demands they put forward to the production quality. It requires improvement of the planning and management system, development of marketing operation and introduction of operative activities.

Modern conditions of competition on the domestic and foreign markets demand from domestic enterprises creating and developing their competitive edges based on the use of strategic management and planning methods, working out strategic areas of optimization of expenses for production and enhancing its quality, determining rational terms of deliveries and services - areas on which the modern researches are focused on. (Thompson, 2003)

Several major management objects can be distinguished in the operation of an enterprise and the financial result and options for strategic development mostly depend on it. For a company functioning in a competitive setting, the competitive edges may be reached based on economic, technical, organizational, innovative and informational elements of approaches which form the system of its strategic development. (Lapigina, 2005)

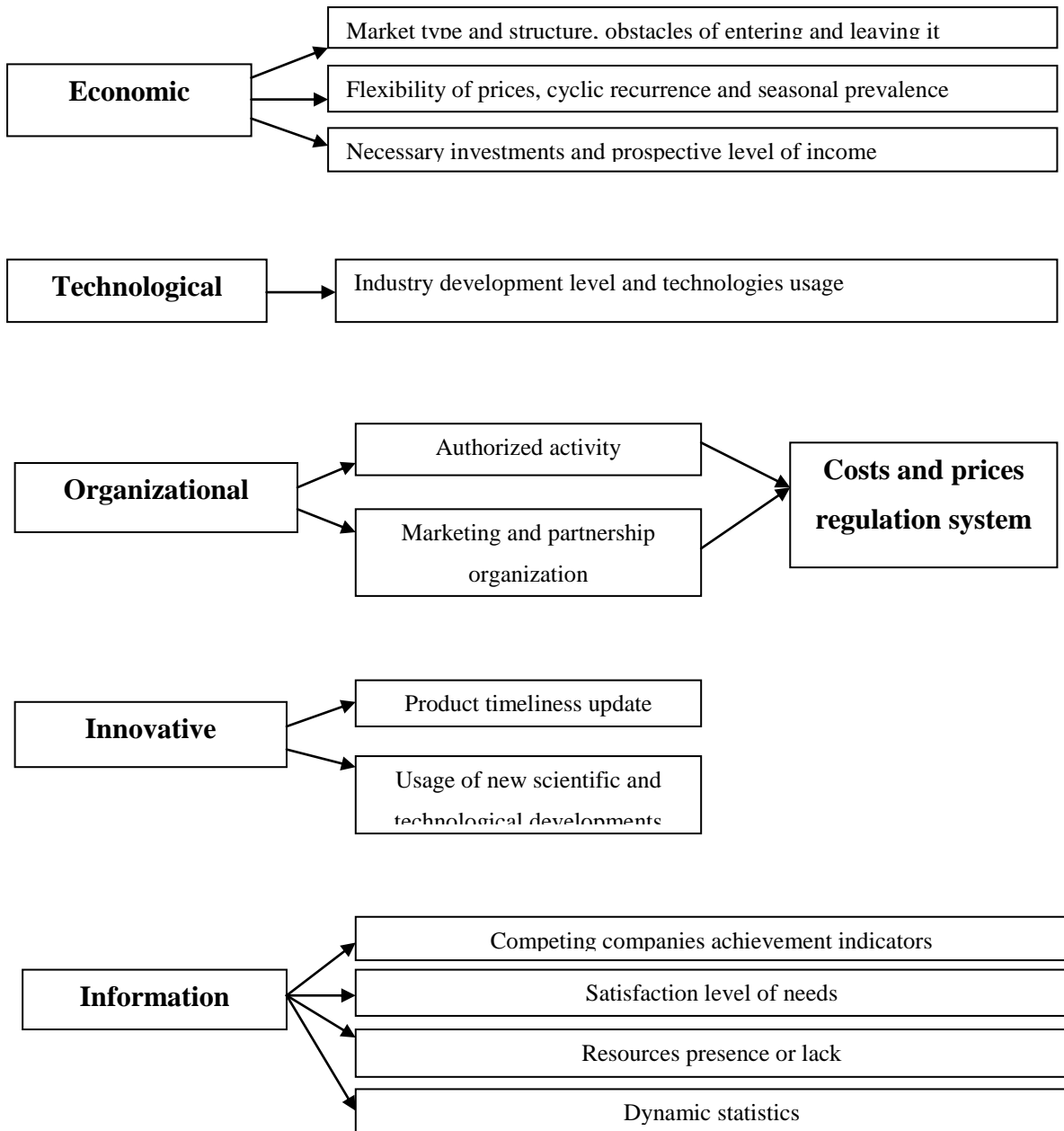


Figure 1: System of strategic development (source: Hartmann, 2003)

Let's examine the mentioned aspects defining the areas of strategic development of an enterprise in detail.

**Economic aspects**

Assessment of a type and structure of the market, consideration of obstacles for entering and leaving it, defining the size and growth options of the definite segment, market predictability, flexibility of prices, cyclic recurrence and seasonal prevalence of the demand -

taking into account all these factors helps strengthening the positions of an enterprise and ensures prospects of its development.

As is known, any entrepreneur activity is aimed at getting profit. Profits of domestic enterprises are defined by volumes and character of the production. Economic appropriateness of manufacturing this or that type of production and necessary capital investments are compensated by its profitability, are determined by the system of economic indices which allow the enterprise to achieve definite social and economic development. (Markova, Kuznetsova, 2005)

### **Technological aspect**

Level of the industrial development of the field and use of modern technologies show whether the production of the enterprise meets definite standards. In its turn, it contributes to the strengthening of its competitive advantages in modern business culture. (Hartmann, 2003)

### **Organizational aspects**

The main goal of setting up an enterprise and ways of achieving it are formed in the regulations, so it's more appropriate to ensure the opportunity of production diversification, orientation to the creation of more profitable types of production and determination of borders of economic independence. In modern conditions of functioning, marketing is one of the distinctive strategies of operation and development of every enterprise. It ensures market orientation of the enterprise, defines the product features, and envisages the choice and forming of the target market, nomenclature and assortment of production. The market demand is the major factor in working out the marketing strategy of the enterprise.

Relevant marketing organization, stability, reliability of contractors, timeliness of their calculations with the enterprise is also pledges for the stable strategic development of the enterprise.

The enterprise activities within the regulations and marketing organization determine the system of expense and price management. The system is first of all aimed at ensuring fulfilling strategic objectives of the enterprise in conditions of dynamic and uncertain entrepreneur environment based on the optimal use of the current potential of the company.



Based on the material from "Strategic Management" by Hartmann, we should note that the strategic management over expenses and prices should be realized not on the facts but prognosis: systematic and periodic approach of strategic management at all the levels, strategic orientation of enterprise's decision-making process (all the decisions should be made taking into account strategic interests of the enterprise on the whole), encouraging personnel and ensuring interest in effective strategic management over expenses, permanent managerial accountability of the current state and control over major indices of expense and price, permanent improving and enhancing methods of the expense management. (Hartmann, 2003)

Focusing on the expense management system is linked to the fact that first of all, it determines the price competitiveness of the production which characterizes the opportunities for optimization of the operation of the necessary "reserve of resilience" in case the market conditions deteriorate, figures out the options for flexible pricing during competition and the enterprises' chances to enter new markets. So, the expenses indirectly point out the options for the enterprise's development. (Lapigina, 2005)

### **Innovative aspects**

Timeliness of the upgrading the production, organization of its vital cycle using scientific and technical tools of the field contribute to the strengthening of an enterprise's strategic positions within relevant market segment. Creation of new products, achieving new consumer markets or modifying the current ones as well as enhancing technical level of production demand exploitation of relevant resources. Choosing this or that action plan which is aimed at attracting resources to production for a long period of time, the enterprise's leadership should know what expenses the course will demand and how the possible changes of the external environment will affect the prospects of its development. (Hartmann, 2003)

### **Information aspects**

For successful strategic development, the industrial enterprise should use a feedback, i.e. - information on the uncontrollable external environment, indices of progress of competitors, level of consumer satisfaction, development trends in the field, normative and legislative

base, macroeconomic state in the country, existence or lack of resources, media information, dynamics of statistical data of consumption and profit etc. (Markova, Kuznetsova, 2005)

Thus, the enterprise's development prospects depend on the comprehensive assessment of the main aspects of its functioning. Making managerial decisions in the process of implementation of the strategy, the leadership of the enterprise shapes up the factors influencing first of all the level of expenses in a short-term perspective. Carrying out these decisions should ensure reaching the goal of the enterprise and the return should cater to the needs of all the interested persons - owners, creditors, leadership and employees.

The consumer's past experience of dealing with the product and marketing communications of the trademark owners are the main factors of forming attitudes toward a brand. At the same time, it should be noted that these factors of forming an attitude may act independently. If a consumer is not an object of advertising impact, his attitude toward a brand will be built based on his past experience. In a situation when there is no experience of consumption or the goods do not vary in their consumer features, the marketing communication is the crucial factor. Depending on the correlation of the mentioned factors, definite morality, intensity and peculiarities of the attitude toward a brand are formed. (Thompson, 2003)

Thus, the conducted analysis allows us to conclude that the psychic regulation of the consumer behavior is conditioned by the consumer's attitude toward a brand. The attitude toward a brand is formed under the influence of a consumer experience and advertising and is a stable evaluative disposition of a consumer comprising cognitive, affective and stimulating components and selectiveness of a consumer behavior.

On the other hand, any brand is a promise, fundamental idea, reputation and expectations formed in the minds of people regarding a product or a company. It's a powerful but non-material asset. Brand creates emotional ties. People fall in love with brands. They believe in them, demonstrate loyalty to them, buy brands and believe in their superiority. Brand resembles to a shorthand sign - it replaces a phenomenon every day. Formerly, branding almost always had to do with widely spread consumer goods or social institutions while nowadays even the minor companies' think branding mandatory. Famous business consulting expert Tom Peters thinks that each person should become "a walking brand". Why did brands gain such significance? The main reason is that good brands may become a basis

for the company's success and unsuccessful ones may lead the company to failure. As production and services of various companies become more and more similar, almost indistinguishable, competitors offer a consumer almost unlimited choice, companies turn into impenetrable "monoliths" and the ability to stand out in a row of competitors, show up their differences is more and more critical and necessary. (Lapigina, 2005)

To stick in consumers' memory is more and more significant yet a tough issue for companies. There are convincing arguments that companies which employees understand and use the conception of branding more often reach success. "To make brands effective" - is a slogan which has become some kind of "mantra", invocation of marketing specialists. What was formerly called "corporate culture" and was within the responsibility of human resources specialists, now turned into branding and shifted to the marketing department.

It's the brand individuality that can mostly stick in consumers' memory. If a brand appeals to mind and heart, its personality is something perceptible, something that can affect senses. Individuality is visual and verbal expression of a brand. Personality supports, expresses, conveys and synthesizes brand, it somehow illustrates it. It's the shortest, quickest and universal form of communication. You can see, touch, hold, hear it and see it move. It starts from the brand name and trademark, rapidly and exponentially grows and turns into a matrix of tools and communications. Shown on the visit cards and websites, in advertising campaigns, on planes and traffic signs, it enhances consumer awareness on the brand and helps expand a business.

Effective brand personality is a mandatory aspect nowadays in case of both start-ups and established companies which have decided to merge or reposition themselves. The best conceptual solutions of brand personality are well memorized, differentiated. They are reliable, authentic, and flexible and are of real value. They are easily and quickly identified in any countries despite differences in culture and traditions. Brand personality is a powerful and widely spread tool. It's a valuable asset which should be managed, cherished, bolstered and made investments in. The bright individuality constantly reminds of the meaning and content of a brand. (Hartmann, 2003)

## 1.2. Brand individuality

Brand personality is characterized by definite attributes which are subject to neither size of the company or the business it does. They have power in creating a new firm by an entrepreneur and while elaborating a new type of production or new service, while brand repositioning, company merger or launching a chain of retail sales. They should by all means be considered for effective creative process and companies should understand how they are realized.

The list of typical attributes of brand individuality is as follows:

- (1) Boldness, visibility and appropriateness;
- (2) Instant visibility;
- (3) Clarity and permanence of the company's image;
- (4) Bright conveyance of the company's image;
- (5) Legal immunity;
- (6) Long-term value;
- (7) Good transferability, irrespective of the type of addressee and size of message;
- (8) Effectiveness both in black and white and colored variants.

However, these attributes do not unveil the "heart", essence of the brand individuality. U.S. Patent and Trademark Office registered 1 063164 trademarks. The major question is - how many of them are effective and why? Are there any substantial characteristics for the best brands and moreover, can we define the notion of "the best brand personality"? The characteristics or attributes obviously are not limited to the aesthetic perfection. Excellent design is implied by default. The personality proves effective as it helps promote the company's brand on the markets. (Wheeler, 2004)

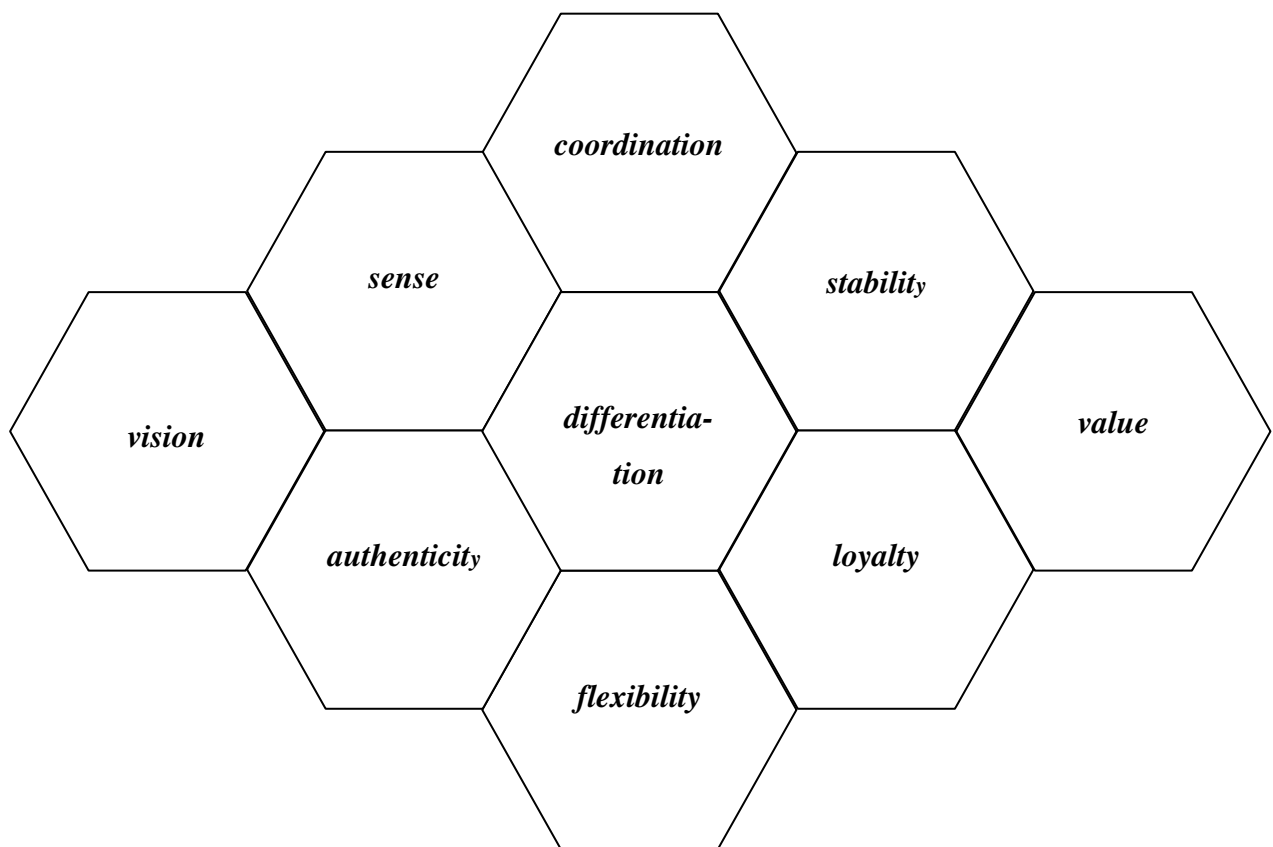


Figure 2: Brand individuality (source: Wheeler, 2004)

Brand personality is a complex of characteristic features of a man's personality the brand is associated with. For instance, Virginia Slims cigarettes seem more feminine than Marlboro. "Individuality" of a brand is both unique and almost unchangeable over time. Consumers often treat brands as they would do with people, especially in case those are trademarks of clothes and cars, more significant items for consumers. (Wheeler, 2004)

**Dimension of brand individuality:** The same terminology used for describing a personality of a man may be applied for describing personality of a brand. The brand may be characterized through demographic features, lifestyle or personality traits. A Brand Personality Scale was worked out in one of the recent researches which include a compact set of features aimed both at the dimension and structuration of brand personality. "Big Five", five brand personality features such as sincerity, excitement, competence, sophistication and manliness that very well illustrate the individual traits of many strong brands. (Aaker, 1996)

**How the brand personality is created? Factors determining brand personality.**

Features related to the item:

- a) Product category
- b) Packing
- c) Price
- d) Product properties

Features not related to the product:

- ✓ Associations on the image of consumer
- ✓ Sponsorship
- ✓ Symbols
- ✓ Age
- ✓ Advertising style
- ✓ Country of origin
- ✓ Top management of the company
- ✓ Celebrities advertising the product. (Aaker, 1996)

**Brand personality used for**

The brand personality conception can help brand strategists to expand their knowledge on consumers' perceptions and attitude to it, clarify their ideas on its identity. It contributes to managing communication policy and creating the brand capital. The associated image of the brand personality may help manager to deeper understand the perception and attitude of consumers to it. The brand personality may serve a basis for effective differentiation especially in cases when brands are alike by their product properties. The personality helps not only differentiate the brand but set its belonging to definite product family. (Aaker, 1996)

**1.3. Brand equity**

The brand personality creates brand equity. How does it create brand equity?

1. Model of satisfying the need for self-realization
2. Model of interaction between a brand and customer
3. Model of presenting functional benefits

### 1.3.1. Model of satisfying the need for self-realization

Some brands have become a tool for self-realization for certain group of customers, to show up their own personality which makes them stand out from others. This personality may be their real individuality or the ideal they are striving to become.

Purchase and use of a brand product is a way to express person's lifestyle too. Some consumers may feel uncomfortable when they use a brand product which personality doesn't quite coincide with their genuine or ideal individuality. (Aaker, 1996)

How a brand helps express individuality:

- Feelings associated with the brand personality;
- Brand as a symbol (brand symbols are often able to have a significant social impact);
- Brand becomes a part of a consumer's personality (objects may not only identify themselves but also they in fact make part of the self-expression of their owner);
- Complex individualities (the customer's choice of a brand may to some extent depend on which of the brands reflects the stronger and more typical peculiarities);
- The brand personality and needs for self-expression should be in line with each other. (Wheeler, 2004)

### 1.3.2. Model of "brand-customer" relations

Two factors may have an impact on brand-individuality relations:

- Relations between a personified brand and customer which are similar to relations among people;
- Brand personality associated with a personality type whose features are embodied in the brand product.

"Brand-customer" ties may also be based on functional benefits as two people may set solely business contacts.

The brand behavior clearly reveals the features of a personality peculiar to it and the character of relations with a customer. Apart from influencing the brand personality, the brand behavior and motivations peculiar to it may also affect "brand-customer" relations. (Wheeler, 2004)

### 1.3.3. Model of presenting functional benefits

Brand individuality may play a more mediatory role as a way of presenting and "hinting" a customer the functional benefits and distinctive features of a brand product.

#### *Symbol*

When there is a visual symbol or an image which is able to create and "hint" to the brand personality, the peoples have more options of finding out the distinctive features. (Aaker, 1996)

#### *Associations with a country or region*

A country or a region of origin may bolster trust to the brand personality. They can also create a strong personality meaning not only high quality but also an important element of differentiation which may lead to working out effective marketing and communicative programs. (Aaker, 1996)

#### *Power of national and cultural stereotypes*

They affect the perception and assessments.

It's usually easier to create personality indicating a functional benefit than to send a direct message stating the benefit does exist. Besides, the personality is less vulnerable to competitors' attacks than functional benefits. (Aaker, 1996)

Brand personality is a powerful and universally spread tool. It's a valuable asset which should be managed, cherished and bolstered and invested in. Bright personality is associated with the sense and meaning of the brand. Bolstering the brand is often supported by the so-called "contact points". Each such "contact point" is an opportunity to strengthen the brand and convey its essence.

Let's consider these "contact points" in the picture below.



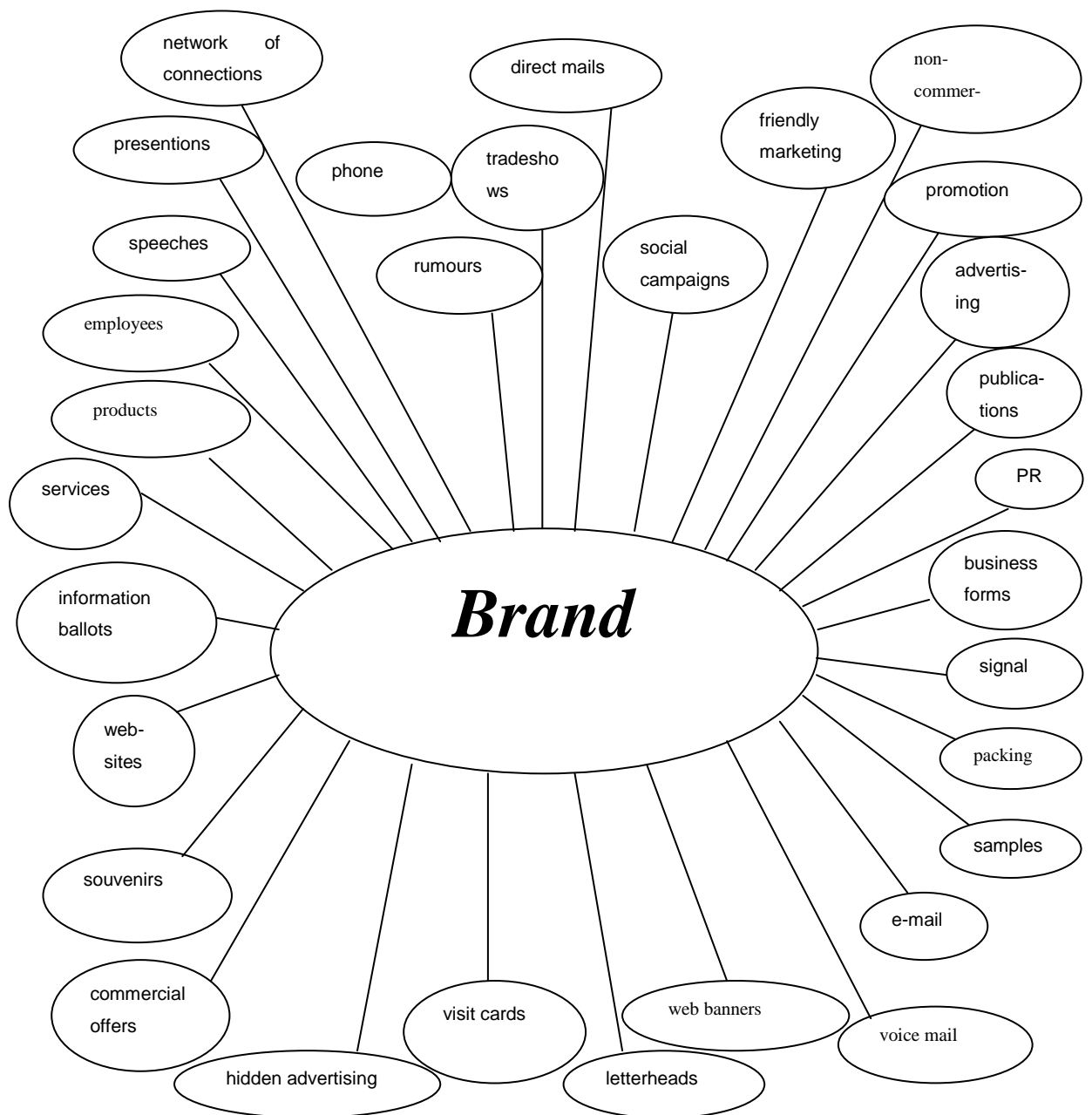


Figure 3: Contact Point (source: Wheeler, 2004)

As a conclusion to the chapter, we can illustrate the notion of brand in the following formula:

Brand = Product + trademark (logotype) + packing (design) + value for target group.  
(Ovchinnikova, 2007)

## 1.4. Rebranding: Necessity or intention?

This chapter is devoted to the definition and explanation of the notion of rebranding and why it is referred to as such. The term of "brand" nowadays is so frequently used that it could quite compete with the notion of "philosophical stone" in the Middle Ages. In general, an object is continuously discussed and argued on if people have hopes for it. What hopes are linked to rebranding and what goals is the procedure of brand improvement is due to fulfill?

Let's dwell on these subjects in right order.

### What is rebranding?

In the scientific literature, the prefix "re-" means reformation, re-organization, and external interference to reach definite goals among other meanings.

To do rebranding means to revive, refresh, to put fresh emotions and ideas into the brand, expand the auditorium, make it actual, interesting and what is most important, and make it more effective. It's important to know that rebranding doesn't result in full liquidation of the old brand as a rule. But sometimes rebranding means creation of a completely new, fresh and emotional brand with updated communications and image.

**Rebranding** -is a set of actions aimed at changing the brand (both company and the goods it produces) or its components - name, logotype, visual image with the change of its positioning and ideology of a brand. It implies that a company (product) has undergone rather substantial changes. Restyling and repositioning of a brand make part of the process of rebranding. (Ovchinnikova, 2007)

Brand revs up new powers, acquires new qualities and becomes more attractive to customers. The more brand is strengthened, that is - the loyalty of consumers is enhanced- the more authority grows too. (Kotler, 2004)

Rebranding is a more effective way of enhancing consumer loyalty and it naturally results in increasing sales and getting more profits. This process is a complex PR campaign which is based on comprehensive and quality research. Rebranding is quite an expensive "pleasure": the company's leadership should be firmly convinced that such a specific technique of

improvement of an image is beneficial. Tough competition on domestic and external markets demands strict terms of natural selection.

However, apart from rational reasons, while purchasing something a man is motivated by "irrational" forces as well since his conscience is mythologized as it was long time ago. In the light of the mentioned above, the targeted rebranding campaign acquires some sacral and ritual meaning aimed at eliminating the negative attitude toward the trademark and enhancing the positive one. In this research, rebranding is studied as a tool of reflective management of segments of a target group, the brand mythologization technique is unveiled within structural, functional and system approaches.

While analyzing the more prominent sources, one should by all means quote marketing guru Kotler, 2004. He holds quite a positive position on the very idea of rebranding noting that the life period of an average company is 20 years- it may die if it doesn't undergo changes over time.

Successful rebranding allows a company to pass on to a new level of development, grabbing attention of new customers and enhancing loyalty of the current ones. Rebranding contributes to bringing the brand in line with the current state of business, priorities and plans of the company. (Kotler, 2004)

**Branding** - when a car starts malfunctioning the owner has it maintained. Perhaps, it can be still driven yet it probably it may entail undesirable outcomes. When a brand loses its attraction and doesn't fulfill the tasks it's aimed to do - rebranding is necessary- just because the brand failed to work properly. (Ovchinnikova, 2007)

**Rebranding is desirable if:**

- Market attributes/players change and the adaptation of the existing brand in such conditions is not possible.
- The brand positions weaken, it goes out of date, and stronger and bolder brands of competitors enter the market. The brand visibility is low.
- The role of the brand in the company's portfolio is changed. New tasks are advanced; activity sphere and the structures of the brand are changed.

- The brand positioning was initially wrong and the brand identity didn't contribute to the effective communication of the brand on the market. (Kotler, 2004)

**Brand improvement is necessary if:**

- a) We want to reposition and update the corporate brand;
- b) We already don't do the same business we used to while setting up our company;
- c) We should represent what our company constitutes in a more distinct way;
- d) We enter the global markets and we need a new identity of a brand which will allow reaching success
- c) Nobody knows us properly;
- d) The price for our shares goes down;
- e) We want to enter a new and more profitable market. (Kotler, 2004)

**Updating the brand individuality:**

- ✓ We are an excellent company with modern production but we look outdated;
- ✓ It's unlikely that our individuality will successfully work on the internet;
- ✓ Our individuality doesn't let us compete with our competitors on equal terms;
- ✓ We have 80 departments and mixed and inconsistent product mix;
- ✓ We try to do everything at the same time and everywhere;
- ✓ It's shameful for me to show the visit card of our company - we have a solid business while the visit card doesn't represent it;
- ✓ Our logotype is known all over the world but honestly it needs to be refreshed - it's outdated for the 21st century;
- ✓ We like our symbolic and it's well known on the market;
- ✓ The thing is that our logotype is hardly readable. (Kotler, 2004)

**Creation of an integrated system**

- ❖ We haven't got a stable image in the eyes of customers;

- ❖ We don't have a stable visual image and we need new brand architecture after purchasing other companies;
- ❖ Our packing doesn't make us stand out among competitors - they look better than us and their sales grow;
- ❖ Booklets on our production look the way as though they belong to various companies;
- ❖ We should look stronger and communicate that we are a joint global company;
- ❖ Each department carries out marketing differently. It's not effective when each tries to "invent a bicycle". (Wheeler, 2004)

### **When companies merge**

- We want to clearly inform our shareholders that it's a merger of equal partners;
- We want to show that  $1+1=4$  (that is, joint company is more than the sum of its components);
- We want to emphasize and develop equality of brands of the merging companies;
- We want everyone to understand that the new company will be a leader on the field;
- We need a new name;
- The way we will assess the brand of the company we purchased and will adjust it to the architecture of our former brand. (Wheeler, 2004)

## **1.5. Key phases of rebranding**

Consequence of rebranding phases mostly depends on the situation the brand is at the moment of rebranding and the tasks which the improved brand should handle.

As a mechanism, rebranding is realized through specific technical methods implying new solutions of visual and verbal components of the brand. If we broaden the horizon of overview of the problem, rebranding is a complex of actions varying from situation to situation and first of all depending on the marketing strategy adopted by the company. Nowadays, five marketing conceptions are widely popular in practice.

### **1. Production marketing conception**

Consumers are considered to give preference to cheap and affordable products. Consequently, rebranding should be aimed at enhancing production of affordable and cheap items. The logic is simple: during rebranding, either something is changed or the changes are supported by issues of new items (in ideal). (Ovchinnikova, 2007)

### **2. Product marketing**

This conception is based on the idea that buyers prefer items of highest quality with best operation features and characteristics. The supporters of this conception work with "perceptible and visible" characteristics of the product during the rebranding process. As a rule, it's new color solutions and new graphic. (Ovchinnikova, 2007)

### **3. Selling conception**

"Buy me! Buy me by all means!" - This is the main idea underlying this conception. Partisans of this approach are inclined to aggressive sales aimed at overcoming resistance of inert consumers. Consequently, rebranding will shift to the direction of retranslation. Even if repositioning is realized through brand retranslation, the branding is either more repositioning or retranslation. That means that the main focus is on advertising. But the thing is that the advertising is not a panacea, it has its merits and drawbacks.

In 90-s, Kotler's team worked out the conception of integrated marketing communications. The conception is based on complex planning of marketing communications based on the assessment of the strategic role of particular areas (advertising, sales stimulation, PR etc.) and search for optimal combination for ensuring accuracy, consistence and optimization of influence of the communication programs through non-contradictory integration of all the particular communications. In other words, placement of advertisement should be supported by new solutions - updated packing, variations in the organoleptic properties (taste, color, smell) and facing. (Kotler, 1995)

#### **4. Classical marketing conception**

The pledge for reaching the goal here is to define the needs and demands of target markets and cater to the needs of consumers through more effective methods than the competitors' ones. Market researches create new markets and new brands. The market is established through crossing the "fields" which already exist. The very fact of rebranding in this case is a firm's shift to another dimension. (Kotler, 1995)

#### **5. Societal marketing conception**

What is most important is to prove to the buyer that here he can get a maximum profit and will realize himself as a harmonic personality in the society. The main focus is on the social role of the organization. The main idea of this approach can be defined as followed: "Only with us can you realize yourself and be different". The market is segmented down to the limit in ideal - one buyer - one segment. The producer envisions a target group as a great number of target segments. However, during rebranding (during its elaboration) the demand is adjusted to specially unified consumers picked up by manufacturers. (Ovchinnikova, 2007)

Another example of rebranding phases:

##### **I. Marketing audit**

The main goal is to understand the consumers' awareness on the brand, whether they're loyal to it or not, what barriers there are for the brand perception, assess its image for various target audiences and understand its weak and strong points and competitive edges. A decision on whether the brand needs to be repositioned is made on the basis of marketing research.

Brand repositioning is a change of its core characteristics and their strengthening in the mind of target audiences. It's either a surface change of visual attributes of a brand - restyling/redesign - or cardinal change of basic benefits and assets, brand features and their sticking to the minds of target audiences, rebranding it. (Clifton, Simmons, 2008)

## **II. Updating main elements of the brand identity**

Elaboration of new repositioning which will underlie the upgrade of visual (logo, style, web site) and verbal attributes ( name, slogan, verbal modules) and the brand's communication strategy. In other words, restyling of brand's visual attributes is the change of design (for instance, the logo color and other visual attributes accompanying the brand, style) in accord with the new repositioning and new features of the brand. (Clifton, Simmons, 2008)

## **III. Internal and external communication**

Making the sense of rebranding, new features and profits of the changed brand more comprehensible to all the audience (employees, consumers, competitors etc.) contacting with the brand is of critical importance.

Thus, rebranding has one and the same algorithm no matter where it is realized yet the technical methods vary depending on the will of the brand owners and conditions of the start. Rebranding as a procedure is a definite consequence of actions aimed at repositioning the brand image. That is - the result of the rebranding is positive change of the brand image directly in the minds of the target audience.

In fact, rebranding is a global shake-up of the whole commercial organization. Such an action may yield results but I may not either. Rebranding is not restyling or redesign. It's the review and revision of assortment, price and advertising policies. Logically, one-time, measures aimed at improvement (restyling, redesign) may only be considered as technical methods of an image improvement. The enterprise is to be re-branded when it exhausts itself, that is - when the claimed principles of functioning and vital activities of the brand are worn out, when "enough is enough". The external factors of the crisis should be considered a fall in degree of consumer loyalty and conservation of target group. What is conservation? That means there is no inflow of new consumers or their number is minor. Then the enterprise owners realize: it turns out that their unique offer is not that unique as other competing companies offer more and better products. However, it's not appropriate to start rebranding only because the sales curve is going down at a high pace. If productions (under the certain brand) don't sell good in a certain period of time it doesn't necessarily mean that the brand is a bad one. You should boost sales. And if you figure out (as a result of the marketing research) that you don't use the potential of the company to its right end, just pass on to the next step. (Kotler, 2004)



### **Brand audit**

How much does your brand currently cost? Should it be reformed or sold at a cheaper price? Finally, assessing the brand's value, pay attention to the human factor - it may turn out that your staff is not enough qualified. (Aaker, 1996)

### **Holistic analysis of target group, re-segmentation and shift of the vector**

What does it include? During your research, you should understand whether your target audience is really yours or has long been working for another one. How do you fancy the personality for whom you, say, make a dress or issue books. What is the scope of his interests, surrounding, scale of life values etc. How has he changed from the time you last met him?

People change over time, so do their views, ideals and values. That's why you will have to change the vector of the brand as the values of the target group alter. And another market segment where you will prefer to enter has its bold leaders. Will your repositioned brand take a proper place and compete with other market players? And finally, how will your priority target group treat your "new face"? Will you get straight to the point? Will you be able to keep your old customers and attract new ones? (Kotler, 1995)

### **Financial basis of the rebranding**

So, you have made the decision to re-brand your company. Later on, you should objectively assess the situation and answer a question whether you have got the money. If you do, is it enough? Do you have an "insurance fund" in case of failure? You will have to be able to prove to your target audience that changes initiated by you are made in due time. Perhaps, the idea that you will intend to start with as a basis has already been used by other market players. During the whole process of branding, you will have to rapidly react to the negative phenomena which in its turn entail extra money expenditures.

### **Analysis of the negative**

How is your brand perceived by consumers? How negative? Should you leave the former name of the enterprise or use the naming technique? Is your logotype annoying to buyers? Is it associated with your former failures and fiascos? (Kotler, 1995)

### **Data testing**

Before launching the rebranding operation, you should once more check out the collected data: it's an unforgivable luxury to conduct rebranding only for achieving everybody's love. Rebranding requires strong analytical approach - not an emotional or intuitive one.

Rebranding which entails re-structuration of the usual image is even harder than setting up a new brand. Sometimes, it's much easier to create something from scratch.

Moreover, you shouldn't try to cover maximum audience while conducting your rebranding. Pick up a certain segment and change the brand vector solely for it. That's not real to promise stylishness, naturalness and care in the same "plate". You should select a certain area, a very unique one. (Markova, Kuznetsova, 2005)

Since there is no rebranding conception (a holistic, complete and non-contradictory one) sometimes it's hard to give a definition whether it's rebranding or no.

The visible, surface side of rebranding can't evoke any disputes indeed. That's what one should ponder over the following: if rebranding is not a procedure but also a phenomenon, what is the famous matrix of Boston Consulting Group for? What are "starts", "difficult children", "milkers" and "dogs"? It's more of phases of life cycle of a brand than typology. BCG matrix is a photo of the natural rebranding process (dynamics of a brand without manipulative interference by external factors). Rebranding as a procedure is not but a regulatory method. For instance, to bring the brand up from "tough child" to the category of brand of "stars" it has to go through a complex of measures. (Kotler, 1995)

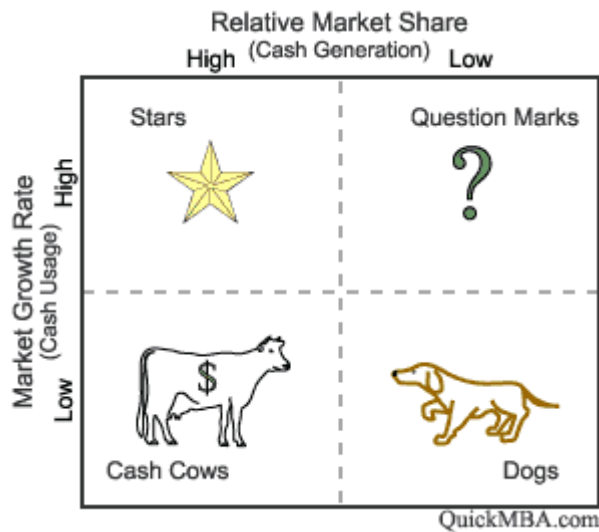


Figure 4: BCG Matrix (source: created by Bruce D. Henderson)

And finally, why does rebranding give birth to various arguments and disputes? Why are they so necessary? Is it not enough for a firm to just operate and earn more money? What is the reason for the peak of the interest among analysts to marketing communications and tools in general? Russian manufacturers realized that they produce an item (product/service) not for the fact of the formal production but for somebody. It's important to hear and see your consumer segments and speak the same language and in case the brand owner doesn't choose the right words while repositioning the brand, rebranding as a procedure will provide another opportunity to put the accents.

What is the main purpose of rebranding? We think that rebranding is an attempt to reposition the brand through retranslation of the "floating" brand image to the target group. It should be noted that rebranding in itself doesn't always result in the change of the name. Rebranding has more in common with repositioning than "cosmetic sketches". The procedures referred to as cosmetic manipulations are the technical tools of restyling.

## 1.6. Role of marketing communications in process of rebranding

To retranslate the brand in a correct way, you should imagine the process of communication - that is to present the updated brand to the target group. (Aaker, 1996)

Marketing communications are classified by various criteria, for instance:

*By the type of organization of the process:* direct communications and communications through dealers.

Direct communication is when you deliver your target group information about rebranding directly, say, from now on; our brand is turned into something new. The advantages of the direct communications are that you keep track of the man's response that buys the production or uses the services of your firm. The shortcoming is that you can't cover the whole address group or deliver the information to each real and potential consumer. Communication with participation of a dealer (especially if it's a media outlet) allows being seen and heard by millions of people. At the same time, a so-called information field is opened where a person is an object of manipulation. Moreover, the operation memory of a consumer is constantly filled with information on the advantages of the updated brand. However, this type of communication has its shortcomings. Working with the help of a dealer, we don't see any personal peculiarities of a certain buyer. You have to shape the image of the consumer and operate under the sample which doesn't always work. Later on, the buyer is not inclined to believe in mediator (media) blindly and grabs the information very critically. The choice of the dealer is of critical importance too (one consumer may trust an ad on the radio at 7 a.m. while another - only newspapers and the third one will prefer watching ads on TV in evenings etc.). Moreover, one should remember that his company is not the only one which the potential buyer sees and hears and believes. It can be considered as the main goal of communication of that type - a brand should be remembered in the operation memory of the personality. An advertisement creates favorable conditions for your brand to be given preference to others that means you can consider rebranding successful if your updated brand is preferred to others. (Jones, 2005)

Everything and everyone changes over time and enterprises are not an exception. For instance, International Petroleum Exchange (IPE) where the Brent petroleum is sold under-

went rebranding. Its new name is Intercontinental Exchange Futures (ICE Futures). The changes were conditioned by the plans of the exchange owner, Intercontinental Exchange Inc., which is going to carry out its IPO on the New York Stock Exchange. The Russian high-tech market is also experiencing a boom of repositioning. (Kotler, 1995)

### ***By the duration of impact***

Here we distinguish between long-term, mid-term and short-term marketing communications.

The main criterion here is the duration of the brand image: how long has it not changed? The main focus is on the firm style, logotype, packing and design. For instance, Coca-Cola logotype is an example of long-term marketing communication. As the firm bottle of this drink, it has existed on the global market without any substantial changes for over 100 years. Advertisement is an example of mid-term marketing communication. In this case, the image of the brand is translated to the audience for several months. It's linked to the desire of advertisers not to bore the consumer. They try to change their ad conceptions once in 2-3 years or more often. Short-term marketing communications last from several days to several months, for instance, promo-campaigns, sales, "discount seasons". As a rule, the brand owners blend various approaches depending on the strategic goal and tactical objectives. Long-term advertisement is combined with promo campaigns and the very logotype remains unchanged for several dozens of years. Or, vice versa, it's changed once in 3 years. But as the practice shows, people don't quite trust such organizations as one of the objectives of a brand is to remain unchanged as long as possible. (Aaker, 1996)

### ***Orientation to certain object***

Let's recall the PR formula: "What- whom - to what end- how - under what circumstances". Who the brand owner is going to inform about the fact of rebranding? Let's innumerate the possible options:

a) Individual consumer purchasing the item (service, product) for using, catering to his own needs and fulfilling himself as a personality. The communication with this group doesn't use consumer ad or trademark ad meant for creating an image and ensuring a prolonged visibility of a brand.

b) Agents- all those who purchase the item, product or semi-finished products so as to sell them later. Business-to-business ad is placed for the agents or a special ad for potential dealers and commercial representatives. What is such an ad focused on? It's focused on prices, convenient location of the point, availability of goods or production (services) and work schedule.

c) Business partners. The fact of rebranding should be made available not only to consumers and agents but also business partners, suppliers and investors. It's realized with the help of PR tools. In Western countries, ad campaigns aiming at supporting buying craze among the internet business and enhancing capitalization of the internet company are more widely used.

d) Corporate communication. Each employee should fully realize himself a holder of corporate traditions, some kind of an image entity in the period of rebranding. Enterprise rebranding is perceived as his own rebranding, change of his image. The firm's image is worked out as some complex of perception of images of its employees. Rebranding doesn't violate any traditions; it just purifies and conserves them.

e) Competitors. In our case, one can apply the tactic of "pseudo-branding" or "pseudo-stability". You should remember that competitors don't have to know the whole truth about your plans and intentions. And one more thing - you should try to be the first to offer new rules of the game.

f) Authorities, publicity. Each company faces a problem of upgrading its social value. Rebranding should be reported as the next step toward involvement into a public activity. Reporting of a company's operation in social, educational, ecological and other programs is an important aspect of forming a long-term positive attitude toward the company. (Wheeler, 2009)

The fact of rebranding should be reflected in everything. Repositioning means visible changes in advertising, sales promotion techniques, style, design, packing and principles of participation in trade shows. (Aaker, 1996)

In 9 cases out of 10, rebranding implies improvement of the formerly created brand. Reverse of a brand is not always equal to the brand improvement as the improvement implies

search for errors and hard work to remove them while reverse is the turn of the brand at a critical angle. The idea of rebranding as such is to present the updated brand image able to eliminate the former negative and increase the number of real purchases (but not potential consumers) and substantially enhance the volume of profits.

Why is rebranding successful and justified in one case while embarrassing in another? The reason is in the ability to feel the target audience and uphold the feedback. Rebranding should be demanded and grounded but not chaotic. If marketing researches show that there is no necessity in radical changes the organization should just reconsider its PR strategies. (Aaker, 1996)

It's necessary to be able to be good at the nuances of psychology of your consumers. Consumers are apt to expecting changes but in one case the expectation of novelty is a trait of changeable Homo sapiens nature while in another it's a fatal necessity. In the second case, rebranding is aimed at offering a new conception of an item. The fundamental idea of the whole branding and marketing as well is to settle problems and not rubber-stamp goods.

The goal of rebranding is the same as PR network of the brand (for whom, what, to what end, why, how).

- Try to figure out as clearly as you can what segment of your target group is unhappy with the activity of your commercial organization, to say more precisely, your item (product or service) or your image. What traits of your image is he not pleased with?
- What are you going to offer to the group which negatively mythologizes you brand? It should be formulated much broader than a refrain: "You can use our perfume not only at a date but also in the theater". Offering something de-facto in a presentable way means to stimulate the subconscious of the target group in a laconic way without any senseless "embellishments". (Jones, 2005)

So, rebranding should be realized in several areas at the same time and "what" and "for whom" are the most important ones. When you first positioned the X brand on the market, you tried to clearly conceive of your target audience in detail: what is their income, the set of life values etc. And now we should conduct research on how the indices changed over D

period. Do you make women garments for official style choosing material of "conservative palette"? You should by all means start your marketing research. It may turn out that it's time for you to think of rebranding. And that's not important what way it will take place - repositioning, expanding or retranslation through PR. Here you should clarify the use of the terms. Rebranding is first of all repositioning of a brand. But we can also distinguish between rebranding-repositioning, rebranding-expanding or rebranding-retranslation. So, we may also point out 4 types of rebranding, manipulation with the brand "architecture".

Working with target segments is rather a tough job because their underlying psychological demands somehow contradict each other. On the one hand, a consumer strives for stability and permanency, and on the other - nothing stirs interest as much as the "new" prefix. (Wheeler, 2009)

Rebranding of an organization and rebranding of a personality through positioning have one and the same mechanism which may be illustrated with the help of image mythologization technique. The thing is that no matter how hard image-makers and PR managers try, consumers will hardly be content with the product. Almost always will there be things not appealing to consumers. That's why a firm or enterprise will be guided not by an ideal "image model" but average arithmetical mean or floating image.

One of the key postulates of rebranding reads - do not harm! It's necessary to preserve and bolster all the best from what was done and introduced in the minds of the target audience before rebranding. It's important to keep those brand elements which are perceived by consumers as benefits and strong points of the brand as compared to competitors. And vice versa - give up the traits of the brand which make them fail.

In the majority of cases, the image of the project should be recognizable after rebranding. But in some extremely complicated cases, so many brand elements have to be changed that there is little left from the old one. However, it's more an exception indicating that rebranding should be realized in good time. (Jones, 2005)

Companies' need for personality of the brand is not unchanged: it's evolving over time. Just recall the entrepreneurs whose business started in a garage or basement then growing to



successful corporations. Brand personality specialists should listen to the dreams and aspirations of even most minor entrepreneurs. Just think of how they should first make themselves recognizable to their very first customers and then set up successful communication with distributors and suppliers as their business grows and finally, if the firm keeps making success -with venture capitalists and shareholders. (Wheeler, 2009)

In conclusion, let's bring some examples of rebranding of famous companies.

- Brand modernization is a typical case of rebranding. "Coca-Cola" and "PepsiCo" with their traditional drinks are the most vivid examples of it. Almost once in 10 years their brand logotypes undergo some minor changes which update the brand.

- Changes of names of "Siberia" airline to S7 and the new image of "Aeroflot" and "Russian Railway" companies are typical examples of rebranding.

- In the Russian telecommunication industry, rebranding of "Beeline" trademark (2005-2006) can be considered the most successful one and the example of "MTS" JSC and other companies' rebranding making part of "Sistema Telecom" holding is the more radical yet unpleasant case of rebranding.

- A vivid example of a rebranding on the mobile market - rebranding of "Svyaznoy" in 2008. A colorful strip is added to the company's logotype, the characteristic color palette has changed - white, green, yellow and purple were added to the usual orange and blue ones. The font of the logotype was altered too.

- GooglePlay is the result of the rebranding of Android Market portal.

## **1.7 Marketing researches**

### **1.7.1. Main notions of marketing research: content and areas of marketing researches**

Marketing researches imply systematic collection, reflection and analysis of data in various marketing aspects. Marketing research is a function which links marketing specialists to the markets, consumers, competitors with all the elements of external marketing environment. Marketing researches are connected to the decision-making in all the marketing fields. They decrease the level of uncertainty and touch upon all the elements of the mar-

keting complex and external environment by all the components which impact marketing of certain product on the certain market.

From the standpoint of object of study, marketing researches are complex investigations since it's very hard to distinguish between such notions (objects, areas) of study as market, consumer, and competitor. The market is unconceivable without competitive struggle, consumers shape up their behavior in certain market environment.

Marketing researches mainly focus on the following objects - external entrepreneur environment, market, consumers and competitors. However, it's obvious that consumer surveys are not only aimed at studying their consumer behavior but their opinions and assessments characterizing the market state, product competitiveness level, various external factors are assessed, i.e. - marketing research can be conducted simultaneously in all the mentioned areas. (Aaker, 1996)

### **1.7.2. Marketing information type and sources**

The information received on the basis of primary and secondary data is used for conducting marketing researches.

The primary data are received as a result of the so-called field marketing researches which are specially conducted for handling a certain task. The information is worked out through observations, surveys, experimental investigations which are often realized over the complex of studied objects.

Secondary data applied for conducting the so-called desk marketing researches are those collected earlier from internal and external sources for the goals which differ from marketing research objectives. In other words, the secondary data do not result from special marketing researches.

As desk researches are more affordable and cheap method of conducting marketing surveys, the collection of secondary data usually precedes the collection of primary data. For small and medium enterprises, desk researches are practically the dominating method of getting marketing information.

We may point out four main advantages of use of secondary data.

- Fast speed of receipt as compared to primary data collection
- Low prices as compared to primary data
- User-friendliness
- High effectiveness of use of primary data.

### 1.7.3. Marketing information system and organization of marketing researches

The marketing information in the successful enterprises is worked out, analyzed and distributed within the marketing information system (MIS) which makes part of the organization management information system.

MIS is a complex of staff, equipment, procedures and methods aimed at collecting, processing, analyzing and distributing verified information necessary for working out and making marketing decisions in due time. Sometimes MIS is said to be a method of making up decisions on searching marketing information necessary for the managerial staff. It's widely accepted that marketing managers and specialists have the need for specific information and methods of receiving it. Thus, MIS is a conceptual system helping to fulfill marketing tasks and strategic planning objectives.

MIS conception appeared in the U.S. where its practical realization started in the early 70-ies, after several years working out of conception of the automatic management system (AMS) applied for separate organizations. (Kotler, 2004)



Figure 5: Marketing Information System Concept

(source:<http://oluwabamidele.blogspot.com/2011/08/concept-and-component-of-marketing.html>)

MIS transforms the data received from internal and external report system into information necessary for managers and marketing associates. MIS distributes the information among specialists and marketing managers who make relevant decisions. Besides, the MIS interacts with other automated systems, supplies relevant information to the managers of other services (production, RTD etc.). The internal information contains data on orders, volume of sales, production shipment, level of reserves, payment of shipped production etc. Data from external sources are received on the basis of results of marketing intelligence (from the subsystem of current external information) and marketing researches.

*Marketing intelligence* is a permanent activity for collecting current information on changing the marketing external environment necessary for working out and improving marketing plans.

From the standpoint of the process of collection and processing of the information, MIS can be presented in the following way. (Kotler, 2004)

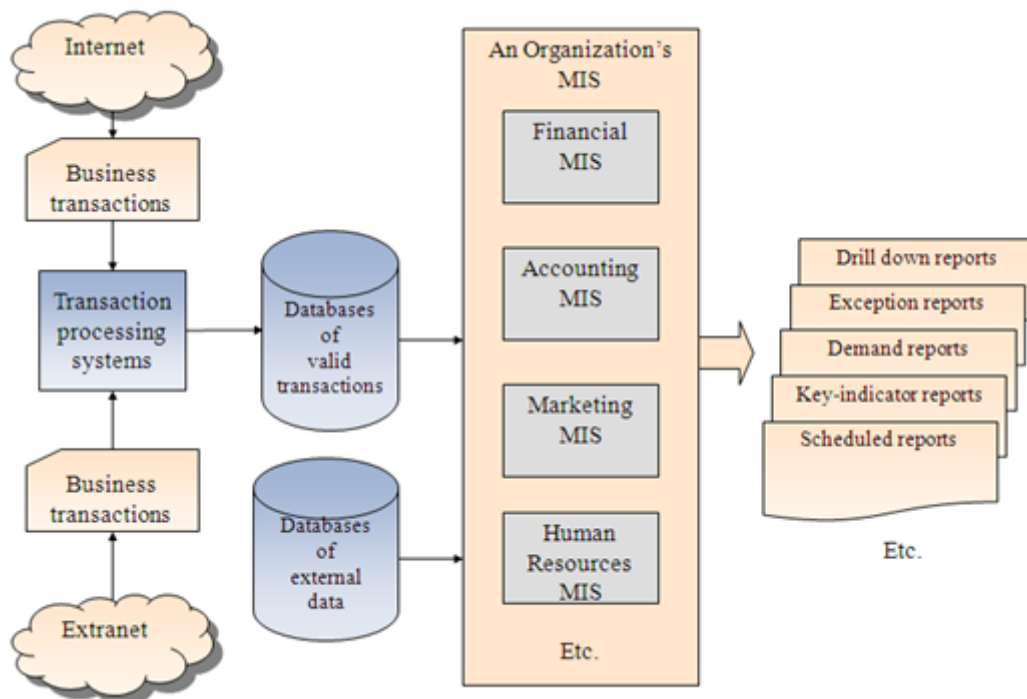


Figure 6: Communication and Computer Systems (source: <http://blog.maia-intelligence.com/2008/04/22/characteristics-of-management-information-system-mis/comment-page-1>)

#### **1.7.4. Marketing information system as a tool of information collecting and processing**

The input subsystems (processing of data of marketing researches and marketing intelligence) collect data from the external and internal reporting systems and enter them to the database. The output subsystems (products, prices, distributions and promotions) process the data translating them to the information required by managers. "Marketing Complex Strategies" subsystem helps managers work out strategies based on the joint effect of the four elements of the marketing complex.

It's obvious that there isn't a single united MIS sample. The leadership of an organization and its marketing services advance their specific demands to the information. They are guided by their own notions on their organization and external settings; they have their own hierarchy of demands to the information and individual leadership style depending on personal and professional traits of management staff and relations among them. Besides, the effective MIS can only result from the gradual development of the initial system.

Marketing researches may be conducted independently, by a company's staff potential or organizations may use services of specialized consulting organizations. While choosing between the first and the second, many factors are taken into account:

1. Price for the research. Many organizations think that it will be cheaper to conduct marketing researches on their own.
2. Experience in conducting researches and qualified specialists. It's especially important to take it into account while using complex methods of marketing research and processing results.
3. Profound knowledge of technical features of the product. Generally, specialists in the organization know them better and the knowledge can't be easily and quickly handed over to other organizations.
4. Objectivity. Experts of specialized organizations are usually more objective while giving assessments.
5. Special equipment - computers and special software for testing. As a rule, only specialized organizations are supplied with such equipment.

6. Associates of the organization keep the confidentiality of results of the research. Sometimes, the organization conducts a part of the marketing research with the help of their own specialists and the other party - by specialized marketing agencies.

The results of the survey among managers of 1690 companies operating in the UK showed that over 36.2% of companies use the services of specialized marketing agencies while 63.8% do not.

Marketing researches are conducted after settling relevant organizational issues. Below, we present the content of separate phases of marketing researches in detail. (Jones, 2005)

## **II. ANALYSIS**

## 2. METHODOLOGY

To better understand how to realize rebranding of "XYZ" company we would like to conduct some marketing researches which we have used in our work:

- For analyze the market with alcoholic beverages in Armenia we have used PEST analysis. It help us to better understand the external conditions of the Armenian market, the whole situation connected with political, economic, social and technological fields in Armenia. After such analysis we can realize what's the real situation in this state is.
- For analyze the Armenian alcoholic market, for better understand strengths and opportunities and the weaknesses and treats of XYZ Company, in another words the external and internal potentials of XYZ Company, we've used SWOT analysis.
- For analyze the competitor market in Armenia, for understand what's the situation with the competitors of same segment, which kind of activities they are used for promotion of their brands we decided use Competitor analysis.
- For analyze social survey of target audience, or, in another words, for analyze consumer attitudes to the brand of XYZ company, for better understand old weak position of XYZ Company's brand in Armenian market and how we can improve position of XYZ Company's brand and change attitudes of consumers and become the number one in premium segment, we have used the questionnaire. We're survey 50 people from RTD groups and belong to different social groups. Our questionnaire contents 19 questions, most of them are open questions and have point to help better understand what is consumer think and feel about design, activities, and what he want to see and feel when related with premium segment vodka.

In order to understand the real value of the vodka itself, as well as what the connection with Russian vodka, which historically established relationships consumers have to such kind of brand like vodka, let's take a short look on the history of origin of alcoholic drink – vodka and the history of XYZ Company.



## 2.1. History of origin of alcoholic drink

First of all, we would like to state that XYZ Company produces vodka on the Armenian beverage market.

To clearer understand what vodka is and what role it played and still plays on the beverage market; let's recall the history of origin of this alcoholic drink.

It's widely known that Russia is considered the "motherland" of vodka. People have sought for the receipt of ideal vodka in Russia for centuries. But only great scientist Mendeleev, who was an expert and connoisseur of vodka, was managed to find it. According to one of the versions, the quality of vodka produced in Russia abruptly deteriorated in the late 19th century. The health of the nation and prestige of the original Russian product on the world market was threatened. To settle the situation, a Commission headed by Mendeleev was set up under the order of the senior leadership of the country. The Commission comprised prominent Russian doctors, chemists, distillers and economists. The Commission worked out a standard of Russian high-quality vodka. In 1894, it was patented by the Russian government. This vodka was not only absolutely safe for health but also useful in moderate quantities. The experts especially admired the softness of taste, as they said, the excellent "drinkability".

In fact, that's how it happened. In 1895, state "pub monopoly" gradually was formed in Russia. Sergey Witte who then held the post of the Minister of Finance was the spiritual father and leader of this grand reform. One of the objectives of the reform was enhancement of quality of "high drinks", spirits production. The reform implied production and sales of alcoholic drinks by the state whereas at that time the spirits production was owned by private enterprises. Over 500 vodka factories and wine warehouses were built in Russia to put the idea into practice. The control over the production was realized by revenue officers.

To elaborate a strategy of the monopoly, a Commission for High Drinks headed by Mendeleev was set up upon Witte's initiative. To carry out more effective state control over the quality, the Commission had to allow a very scant assortment of state production and confirm the vodka standard issue which consistence was to be easily controlled by lab methods

at the very same spots. Those were the reasons that boosted elaboration of the standard of monopoly vodka but not the genuine Russian vodka. The degradation measures for high spirits were planned to be used only in the first years of monopoly and return to genuine Russian vodkas - liqueurs and Russia liquors - in future thus restoring the broad assortment of Russian high drinks. But in the first years of the reforms, in the years of adjustment of their implementation in Russia, it was perhaps the first right step. The spirits monopoly issued 5 types of production: "Wine Common 40°", "Table Wine 40°", "Spirit 57°", "Spirit 90°" and "Spirit 95°". The whole production was plain aqueous alcohol without any traditional taste and aromatic additives typical for Russian vodka. The alcohol used in the production should have been extracted from the rye malt, while the "Russian Standard" vodka, "the hero of our story", is made of wheat alcohol. During the production of the monopoly vodka, the aqueous alcohol containing 40 portion of ethyl spirit was run through a coal filter to minimize fuel oil. The water should be very soft without any portion of salts. As a result, the monopoly vodka was introduced as a transparent colorless liquid with light alcoholic aroma and peculiar taste. The choice of the standard of concentration of 40° for vodka wasn't accidental. That's why conditional measure for production - a pint of 40° alcohol - has long been known in the wine production.

Actually, Mendeleev's contribution is only in the theoretical part: it was him who defined why vodka should be of that concentration.

In fact, introduction of the standard of monopoly vodka in 1895 was a crucial moment in the modern understanding of Russian vodka on the whole. In the whole history of vodka production of Russia till late 19th century, all the liquors as such - colorful, those made of greens and berries, aromatized and transparent ones were referred to as vodka. If sugar or other sweet ingredients were put into the liqueur, it was called "rataphia". If the vodka (liqueur) was distilled several times and turned into heady drink (about 60°), it was called "yerofeich".

People in Russia tried not to drink plain aqueous alcohol in both cases - yerofeich or rataphia. V.V. Pokhlebkina writes about the 18th- early 19th centuries: "Having vodka with aromatizers for all the letters of the Russian alphabet - or even 2, 3 vodkas per each letter - was considered prestigious at that time. They made such vodkas as anise, birch, cherry,

pear, mellow and blackberry...” One of the first distiller factories in Siberia, Kamenski factory (early 17th century) near Yeniseysk, exported common and sweet vodka with its spicery to Yakutsk, Nerchinsk, Irkutsk, Berezov, Surgut, Narim, Krasnoyarsk, Kansk and Tobolsk. Of course, it doesn't mean that people drank solely aromatized vodkas. They also drank plain vodkas - made of alcohol and water - but those were the cheapest ones, which a person respecting himself would not buy.

Modern understanding of Russian vodka as transparent aqueous alcohol with "typical vodka smell and taste" was enrooted in the minds of people as a result of comprehensive coverage of all the preparatory works realized by the government to implement the "vodka" reform. Everybody believed that the proposals advanced by the government, scientists and the Tsar will be the best of what there had been before. As soon as the reform was launched it became obvious that the aqueous alcohol should be used without any additives as it's the genuine Russian vodka. The Soviet power supported the standard of the vodka run through birch coal filtered for several times and the Western factories accepted this image which was also conditioned by the role of emigrants. Pokhlebkin in his "History of Vodka" advanced arguments for the culinary nuances of the monopoly image of the vodka turning it into a genuine Russian one. But in this situation, one should take into account fact that he protected its priority and that's what justifies the means. (<http://www.alcomag.ru/article/1.html>[www.drinks.internet.ru](http://www.drinks.internet.ru))

As an example, let's consider the periodization of establishment and development of "XYZ" company in Russia.

- In 1998. "XYZ" company is set up in Russia. The foundation of the company marks the start of restoration of glory and reputation of classic Russian vodka. The first brand make, "XYZ Original" is positioned as the newest Russia premium-class vodka.
- In 2005. Sales of "XYZ" production exceeded a million of boxes. As a result, the brand is included in the prestigious club of Drinks International magazine which features largest world millionaire brands.

- In 2005. Authentic Russian deluxe vodka "IMPERIA" enters the U.S. market and "XYZ Original" keeps gaining popularity all over the world achieving the markets of France and Great Britain.
- In 2006. A new modern factory for "XYZ" vodka production opens in Saint Petersburg. The factory which construction required over USD60mln investments sets brand new highest technological standards of vodka production.
- In 2008. As of 2007, "XYZ" takes the fourth position among the more dynamically developing global alcoholic brands. "XYZ" vodka enters markets of 48 countries of the world and the volume of sales increased by 40% over the year. The company introduces its new brand, "XYZ Gold".
- In 2009. The company keeps strengthening its positions in Russia and outside its borders. As of 2009, the company sold over 2.2mln boxes of production in Russia and over 70mln on the export markets. As of the version of authority IMPACT magazine, "XYZ" took the 42nd position among "Top 100 Largest Global Alcoholic Brands".(XYZ company's webpage)

### 3. ANALYZE THE ALCOHOLIC, COMPETITOR MARKET AND ATTITUDES OF CONSUMERS IN ARMENIA

#### 3.1 PEST analysis

Table 1: PEST analysis

<p><b>Political</b></p> <ul style="list-style-type: none"> <li>• Product credentials/ heritage centered on Russian point of origin</li> <li>• Product may be associated to ongoing negative publicity associated with Russian Federation (Gazprom, the Oligarchs, Georgia, Abkhazia, Chechnya, South Ossetia, tensions with the Ukraine)</li> <li>• Ability to promote/package effectively sensitive to changes in Alcohol Beverages Advertising (and Packaging) Code</li> <li>• Product comes in 100% recyclable packaging (glass, aluminum, cardboard)</li> <li>• Implementation of Federal carbon pricing regime may impact cost per unit due to resource intensive: manufacturing process, product packaging and means of distribution</li> </ul>	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• Main component of XYZ product imported: product bottling and availability (distribution) subject to fluctuations and inflationary pressures in the Russian domestic labor market, currency fluctuation, bottlenecks at global transportation hubs, trade issues and restrictions)</li> <li>• Fluid local distribution sensitive to road transport/height events and petrol/diesel spikes (including amendments to government policy on fuel excise), road taxes.</li> <li>• RTD growing segment of alcohol market</li> <li>• Most categories of discretionary consumer spending now increasing since GFC</li> <li>• Contentious alcohol taxation regime, easily tinkered with (may become sensitive at election times/during times of public health debate – may be similarly perceived as harshly and righteously as tobacco excise)</li> <li>• Product sensitive to customs, quarantine, maritime and importation taxation, regulation and future changes to legislation</li> </ul>
<p><b>Social</b></p> <ul style="list-style-type: none"> <li>• Strong historic/cultural/ social/ linguistic Armenia-Russia link</li> <li>• Taxes/ Colors/ Flavors aimed at 16+ demographic still forming their liquor taste</li> <li>• RTD fastest growth segment of spirits market</li> <li>• RTD facilitates experimenting with drinking behaviors whilst still becoming acquainted with acceptable mixers to be employed with appropriate spirits</li> <li>• Off license purchase individually or in small packs (i.e. 4), encourages experimentation</li> </ul>	<p><b>Technological</b></p> <ul style="list-style-type: none"> <li>• Popularity of RTD category dependent on unsophisticated and convenient consumption of premixed spirit beverage-technological improvements to product manufacturing with subsequent variation to product offerings from competitors may impinge upon/ fragment market share (i.e. reduced cost product from improved manufacturing/ packaging, improved product design, more convenient/ smaller product offered from alteration/ concentration of beverage ingredients improvements in food science facilitate competitor varieties with</li> </ul>

<ul style="list-style-type: none"> <li>• Most popular RTD varietals have easy to recite/recall colloquial names, making them more familiar/conductive to the fun/outgoing social norms of youth popular culture</li> <li>• RTD product category closely aligned to teenage binge drinking</li> <li>• RTD facilitates accessing a premium brand/ taste/ experience at the lowest possible cost of entry, much lower than the standard bottled spirit product</li> <li>• Youth drinking tastes fickle/ prone to fluctuate, influenced by cultural factors: music, entertainment, summer/winter festivals, branded entertainment, celebrity endorsement</li> <li>• Local music events/ festivals popular with demographic, providing appropriate environment for interaction</li> <li>• RTD consumption perceived as less intense than straight spirit consumption</li> <li>• Armenia acting at XYZ RTD test market, successful growth phase locally may see product introduced/ rolled out in overseas markets</li> <li>• Self-conscious “look-at-me” target conducive to with premium branded RTD product.</li> </ul>	<p>improved taste/ flavors)</p> <ul style="list-style-type: none"> <li>• Developments in reductions to trade barriers, improvements in transport methods may reduce transportation costs, increasing accessibility to Armenia market from competitor pure. Premium Russian vodka manufacturers currently not able to export Vodka to Armenia.</li> </ul>
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*Source: Created by author*

For PEST analysis we used materials based on secondary data research methods. It was faster and cheaper to collect the information for such kind of analysis.

According to this analysis, we can surely say that the RTD is growing in Armenian market, and XYZ Company with its brands have real chance to re-change current position in the alcoholic market and become to number one in premium segment. Besides, there are some barriers related to political and economic fields. It’s including ongoing negative associations with Russia and that importation taxation and regulation, which effects on the price of unit.

### 3.2. Competitor analysis

For better understand the competitor market in Armenia let's start with competitor analysis of it.

Table 2: Competitor analysis

<i>Product (IL)</i>	<i>Positioning</i>	<i>Brand image</i>	<i>Price (AMD)</i>
XYZ	<ul style="list-style-type: none"> <li>✓ Authentic, quality Russian Vodka</li> <li>✓ Real Vodka for real experiences</li> </ul>	<ul style="list-style-type: none"> <li>• Modern &amp; contemporary Russia</li> <li>• Classy &amp; prestigious</li> <li>• Cool</li> <li>• Stylish</li> <li>• Music</li> <li>• Exciting &amp; vibrant</li> </ul>	6870
Smirnoff	<ul style="list-style-type: none"> <li>✓ N1 Premium Vodka that everybody knows and loves</li> <li>✓ Alternative to beer</li> </ul>	<ul style="list-style-type: none"> <li>• Main stream brand in RTD</li> <li>• Hedonism</li> <li>• Cool</li> <li>• Big</li> <li>• Nightlife</li> <li>• Music</li> </ul>	5000
Bacardi	<ul style="list-style-type: none"> <li>✓ Global leader in RTD market</li> <li>✓ Vibrancy, youth and individuality</li> </ul>	<ul style="list-style-type: none"> <li>• Latin Party fun</li> </ul>	8920

Source: Created by author

Let's have a short look at Competitors Creative Analysis:

- ❖ Smirnoff Vodka. Smirnoff has dominated the RTD in Armenia for a couple of years with different sponsorships of bars, concerts and events nation-wide. Their product is very much a party drink, which is how it dominated the market so easily. Smirnoff has directed their advertising purely on males, yet females will still drink it due to its RTD nature. It has worked in the favor very well by keeping the masculinity but not making it too masculine for a woman to look fine holding the

bottle. From reading their website and analyzing their prior RTD campaigns, we would assume their USP would be – USP: - The vodka of the world.

- ❖ Bacardi. Bacardi has taken on the party lifestyle, by using a very Latin theme (due to the fact it's rum) and it has helped create the image of their drink. The Bacardi Breezer is one of the highest selling RTD in the world. It's aimed at both women and men yet more inclined towards women, hitting the young market. After analyzing past ads and reading their website, we would assume their USP is: - The Drink that Makes the Party.

This was the one point of competitors view enfolding “Night-life-style” industry (bars, night clubs, restaurants, etc.).

Also, we would like to mention about two main competitors for XYZ in Armenian RTD market and compare their market place with XYZ’s place.

Finlandia and Absolut are main competitors of XYZ in the local market.



*Figure 7: Bottles of Finlandia and Absolut vodka*

(source: <http://alkoteka.wordpress.com/2011/03/03/kolejna-doskonala-odslona-finlandia;>  
<http://www.stockholmdesignlab.se/en/projects/absolut-vodkapernod-ricard/absolut-bottle> )

### **3.2.1. Sub Premium Segment/Mainstream**

We would also like to want to present you Sub Premium Segment/ Mainstream.

Armenia is by far the largest consumer market in sub premium and mainstream brands in spirits sector. Mainstream brands have inconsistently been top selling brand in the local market based on volume and value.



The following trademarks are the most popular ones in the market:

Sub Premium Segment		Mainstream	
			
<b>PARLIAMENT</b>	<b>ZHURAVLI</b>	<b>TALKA</b>	<b>ZELYONAYA MARKA</b>

Figure 8: Sub Premium segment/Mainstream in Armenian market (source: created by XYZ Company, 2012)

⇒ *Parlament*

The promo which launched at the end of November 2011 had already garnered results. Sales increased by 25% compared to November 2011 and 3-fold as compared to October of 2012. We are more than confident that this trend will continue to grow and we will beat all other brands in this market segment (at the moment, we already have a great advantage over competitors “Zhuravli”, “Smirnoff”, “Myagkov”, “Vodka s Serebrom”, “Crystal”, “Kristalnaya”, etc.).

⇒ *Zhuravli*

This product is considered to be the cheapest one but it still has low sales volume.

⇒ *Talka*

The trademark was popular in the market in 2012 entering the market at a rapid speed (70-100 trucks per year).

Cooperates with about 200 restaurants/approximately 50% with the brand Talka.

Cooperates with about 126 bars and cafes/approximately 85% with the brand Talka.

Cooperates with about 70 outlets in traditional retail/approximately 15% with the brand Talka. At the moment, there is already a falsified bottle of Talka of Armenian origin, which greatly affects the brand image.

⇒ *ZelyonayaMarka*

The trademark was popular in the market in 2010- 2012, hitting the market at considerable paces (70-100 trucks per year), but it gradually declined and ultimately faded from the market soon due to implementation of dumping pricing policy and losing the client confidence. Currently, the annual imports decreased to 10-15 trucks per year. We would also like to mention that they have very weak presentation in On-Trade and Off-Trade.

*Table 3: Analysis of market's segment*

Segment	N of outlets		% from volume	
	2011	2012	2011	2012
Night club	20	19	10%	10%
Restaurant	340	350	74%	74.5%
Bar	41	52	10%	10%
Café	110	135	3%	3%
Hotels	38	42	3%	2.5%
<b>TOTAL</b>	549	598	100%	100%

*Source: Created by XYZ brand distributor in Armenia*

According to Table 3:

- Main developing segment – Bar, especially chains/ franchising
- Night clubs – switched to in all-in-one concept (restaurant/bar/night club), as a result – take a big share from restaurants
- Restaurants – increasing

*Conclusion:*

- Armenia is off-trade market and only 25% of XYZ sales are in On-trade
- Volumes are not so high but On-trade is brand image support
- Assure presence in On-trade selective outlets.

**3.2.2. On-going XYZ Pricing Strategy**

In order to have competitive pricing and on XYZ to compete against Finlandia – XYZ repositioning is required. High price for XYZ can affect sales volume drop in Y2013 vs. the plan.

- XYZ requires transfer price decrease (up to 30%). Reason is to be in line with Finlandia which export price (USD 2.45) is cheaper than XYZ's.
- We want to make our loyal consumers to be more motivated to sell/ promote XYZ than Finlandia.

**3.2.3. Short- term XYZ Pricing approach and tools**

In case XYZ 0.5L price is USD 3.55, even in the price positioning of USD 9.76, the Distributor will have very low profit and will not have an opportunity to do investments in brand building and development.

In the meantime, and in case of decreasing the price to 30%, the Distributor will have normal profit, will be able to do considerable investment in the development of the brand and as a result, the business will be profitable and highly prospective.

Moreover, in case of keeping current XYZ price policy – USD 3.55/ 0.5L, it will be very hard to cover big sales volumes, the sales will slow down a great deal, and the brand will lose its popularity gradually. Therefore, only due to decreased price policy can we reach good sales, and number one position in the Armenian market.

*Table 4: Armenian market price overview*

<b>Wholesale price 1 bottle 0.5L (2012)</b>	<b>1\$/410AMD</b>	<b>Retail Selling price 1 bottle 0.5L (2012)</b>	<b>1\$/410AMD</b>
XYZ	3000	XYZ	3600
Finlandia	3700	Finlandia	4000
Absolut	3800	Absolut	4200

*Source: Created by author*

As it was already mentioned, in order to have competitive pricing and have XYZ to compete against Finlandia, XYZ repositioning is required. To be really successful in Armenia with XYZ, we should have correct price strategy and very-well planned promotional investments, for a considerable period of time having no profit, but with real expectations of

surpassing the sales of Russian XYZ vodka, refunding the investments and achieving number one position in the Armenian market.

### 3.2.4. Promotional Key Points of Competitors

Table 5: Analysis of key points of competitors

Competitor	Finlandia	Absolut
<b>Volume</b>	14 000 9L cases (market share – 32% of premium segment)	3000 9L cases (market share -9% of premium segment)
<b>Pricing</b>	<ul style="list-style-type: none"> <li>Ensures aggressive price offer on the market Self Running activities (neck hangers and leaflets with cocktail recipes, etc.)</li> <li>Special prices for selected cocktails</li> </ul>	Ensures aggressive price offer on the market Self Running activities (neck hangers and leaflets with cocktail recipes, etc.)
<b>ATL/ BTL approach</b>	Continuous and constant investments into ATL/ BTL. Activation with Finlandia Vodka New bottle launch.	Continuous and constant investments into ATL/ BTL
<b>OFF-Trade</b>	Listing additional placement, branding.	Listing additional placement, branding.
<b>On-Trade</b>	Image programs (New Year, birthday or special events support) <u>Volume growth drivers:</u> amid total distribution coverage the key factor of volume growth is motivation in On-Trade channel (this is the key reason Finlandia burst in 2012)	Image programs (New Year, birthday or special events support) although, neither Absolut nor Smirnoff have any significant market share in premium segment.
<b>Strategic approach</b>	The key competitor is Finlandia which is a part of the hot Finnish category which is modern and ubiquitous – well established in all types of on trade outlets. It does not lack clear positioning – it plays in both Status and Affiliation. The brand has a good support in promotional activities and constant investments into marketing...	Absolut is also an established brand with clear and successful brand image but its sales are down due to its higher price in these tough times.

Source: Created by XYZ Company, 2012

### 3.3. SWOT analysis

Instead of Competitor analysis, which includes secondary data research methods, SWOT analysis considers both methods of marketing researches: primary and secondary. And now, when we already have some results about competitors' and PEST analysis, we would like to represent another analysis which also will help us better understand Armenian market and XYZ Company position in it.

Table 6: SWOT analysis

<p><b>Advantages:</b></p> <ul style="list-style-type: none"> <li>➤ Russia's Number One Premium Vodka,</li> <li>➤ diversifying into fast growing RTD market,</li> <li>➤ brand perceived as authentic and pure,</li> <li>➤ globally recognized prestige product,</li> <li>➤ Backed by financially strong XYZ Company.</li> </ul>	<p><b>Drawbacks:</b></p> <ul style="list-style-type: none"> <li>➤ inconsistent brand positioning,</li> <li>➤ outcomes of past not-so-successful history of the brand</li> <li>➤ weak image profile with target audience,</li> <li>➤ different product lines branded inconsistently</li> <li>➤ vodka market high competition</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>➤ High consumer acceptance of increasing diversity in RTD varieties</li> <li>➤ Changes in social patterns, population, profiles, lifestyle changes, more conducive to convenience of RTDs</li> <li>➤ Alcohol sales not proportionally impacted by economic downturn</li> <li>➤ RTD product lowest-cost entry to prestige alcohol brands</li> <li>➤ RTD most popular with younger people still developing alcohol palette.</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>➤ Complex legal restrictions on alcohol advertising content, creative and timing</li> <li>➤ Major competitors backed by financially strong global liquor brands (e.g. Smirnoff - Diageo, Absolut = Pernod Ricard, etc.)</li> <li>➤ Cost impact of alcohol tax</li> <li>➤ Using of new flavors and careful segments and planning needed to be done to ensure the integrity of the brand to be maintained</li> <li>➤ Negative associations to alcohol related health issues, the social impact of alcohol abuse, teenage binge drinking and drink driving</li> <li>➤ Entry of other spirit manufacturers into RTD market</li> <li>➤ Cross-over of supermarket house brands into alcohol.</li> </ul>

Source: Created by author

Let's take a look through SWOT analysis on the some current key issues in market. According SWOT analysis now we can realize the real potentials and threats of XYZ Company. And, of course, based on SWOT analysis we already have important answers on important questions such as objectives of rebranding program and reasons to believe that rebranding is necessary in Armenian market.

### **3.3.1. Current key issues in market**

Based on SWOT and Competitor's analysis we distinguish key issues that there are in this market:

- Vodka consumption is continuously and rapidly growing in Armenia and certain brands retain strong lead in the market;
- Consumers have a repertoire of vodkas they know and drink but most cannot identify any distinctive and differentiating factor for giving preference to this or that vodka;
- Lack of equity building meant that volume growth mainly results from commercial activation and promotion with consumers who are not prepared to pay more for XYZ as they do not feel affinity towards it. “I’ve learned about XYZ but don’t know much about it and not sure why is worth paying more for” - this is the main argument they can ground their choice with;
- Alcohol advertising on TV is currently forbidden;
- ATL outdoor/ BTL are the more effective types of activities.

### **3.3.2. Main objectives of the rebranding program**

- ❖ The main objective of the program is to enhance the effectiveness and productivity of the group’s operations and to apply resources closer to the market and in those geographical regions where the potential for growth is the greatest;
- ❖ surpass the sales of XYZ of all imported vodkas, achieving number one position;
- ❖ Picking up a certain number of choice projects.

### **3.3.3. Reasons to believe of XYZ brand repositioning success in Armenian market:**

- Vodka market is declining (both local and imported) but XYZ has real potential.
- It's a very dynamic and promising company – the biggest in the region.

- The brand has a long and very positive history on the Armenian market. Always being a market leader, the company lost its position due to economic crisis. All the premium categories fell down.
- It has high quality image: really the best Russian vodka.
- XYZ is a young brand- promising and different as compared to competitors;
- The market is expected to recover in a short period of time and the premium vodka category will grow starting from 2012
- The company launched professional and creative marketing in BTL/ATL supported by XYZ Global.

### **3.4. Social survey of target audience (Questionnaire)**

We also undertook such marketing research primary data method as using Questionnaire (see appendix1). And as a result of all these researches we found out that repositioning and rebranding should and must take place, if the brand wants to get its target of Super premium and Luxury segments.

#### **3.4.1. Analyze the results of questionnaire**

Let's have a look at results of our questionnaire.

50 people of various genders and ages took part in the survey but as we defined the RTD in the SWOT-analysis by most popular with younger people still developing alcohol palette as one of the options of right development of new brand among target audience, the major accent was put on the young age group (18-35).

So, first of all, let's consider men. While deciding to have a drink at either bar or at a bottle shop, men first of all think of the cost, convenience, taste and availability. These four factors affect their decision on what to buy firstly, and when it comes to RTD drink they are most likely to consume it at a house party or a festival / rave/ party. Evidence shows they also consume them on "big nights out" to make it easier once they are at the bar and makes it faster trip to get their drink. From our research, males aged from 18-25 have very different drinking habits, starting with 18 years old who are new to the alcohol market only having a few drinks, purely for socialization and to try things, going all the way to 25+ age group who drink every day at the high class bars, clubs, casinos and etc., our survey shows. Also, males have different reasons to drink. From 18-2, there is a constant reason - either

having fun or socialize. Starting from this age, men aged 22-25 prefer drinking the same drink rather than experiencing new things. Venues where males drink change, all ages drink at restaurants and pubs, but most alcohol is consumed at bars and clubs by males, from the age of 19-33.

*Table 7: Reasons to drink for men*

Male				
Ages	18-21	22-25	25-33	34-45
<b>Reasons to drink</b>	having a few drinks, purely for socialization and to try things	having fun or socialize	prefer drinking the same drink rather than experiencing new things	drink at restaurants and pubs, prefer drinking the same drink

*Source: Created by author*

On the other hand, females have quite different and diverse drinking habits. When deciding on what drink to buy, females focus on taste, convenience, cost and availability, as well as males but colors and time at the bar are also major factors. When drinking RTD's, highest chance is that they will drink them at "House parties", "Friends' house" with small group of friends, festivals/ raves, and like males out on "big nights out" to save time at bar. Females aged 18 are much like males, drink a few times a week, but not much just to get out there and have fun, which again is a constant all the way to a 22 year old. Only at 20 years of age do girls start to drink a lot more as they grow comfortable with the places they go. The older females at 25 unlike males drink less and more of a dinner thing with friends at restaurants or friends' houses. For females, city bars and clubs are much more common, but less alcohol is consumed than the males on these nights out.

*Table 8: Reasons to drink for women*

Female				
Ages	18-21	22-25	25-33	34-45
<b>Reasons to drink</b>	having a few drinks, purely for socialization and to try things	having fun or socialize	drink less and more of a dinner thing with friends at restaurant or friends' houses	prefer drink as an additive to many alcoholic cocktails

*Source: Created by author*



The results show that it is proven that the target market does consume RTD products, as our hypothesis expected. Our target does go to clubs and bars, but they do not go there to drink our product. Bottled drinks are perceived as cheap and the target prefers to have a glass. Consequently, we should focus on distribution, promotion and positioning of the product in bars, restaurants, night clubs and other recreation places not as a separate alcoholic drink but especially as an additive to many alcoholic cocktails which are very popular in such places nowadays.

The focus group was recruited as a convenience sample and provided an opportunity to engage directly with the target audience, interactively exploring activities and processes that fundamentally impact their purchase intention of the product. The focus group also provided the key setting for developing a credible bar-call that would have high re-call and credibility with the target audience, and one that would be distinct and desirable.

When asked about their interest and favorite activities, the respondents were generally in agreement that it was predominantly based around socializing and spending time with their friends, primarily at bars and clubs. It is apparent that they would not attend a venue arbitrarily, not even for a DJ that they liked, unless they were accompanied by friends. More than 70% of the participants stated that they prefer the bar and lounge environment, “places that you can actually talk rather than be bombarded with music” such as the nightclub scene.

A common ritual amongst the slightly younger participants would be pre drinks of their drink of choice at a friend’s house and getting intoxicated before going to a premise, unless it was “five dollar Friday happy hour”. The more mature participants assumed to have a higher disposable income believes that “when going to the pub, price isn’t an issue” and that they drink whatever pleases them at the time. All participants agreed that a drink of choice is preferred when starting night out and “once you’re drunk, everything tastes the same”.

Projective testing was applied and the participants were asked whether they would consider purchasing the XYZ RTD. A female respondent replied “maybe if I was eighteen: It received negative comments about its appearance being similar to Smirnoff, calling it a “rip off double black” , and that it looked cheap and childish. According to the same female

respondent, “it detracts away from the allure that people are trying to establish when going out, especially for women: she also stated that the only time when she will drink on RTD is when she is already intoxicated and she will not directly from a bottle.

The other female respondents came to a consensus that drinking out of a glass is their main preference due to a classier perception as opposed to drinking out of a bottle. However, some males do not mind purchasing bottled drinks on premise because it is easier to carry whilst the minority of respondents believes it is irrelevant. It is also agreed that there is usually no preference whilst drinking off premise.

Despite the negative perceptions, RTDs would be purchased at festivals and sponsored events where “everyone’s doing the same” and options are limited, it’s more convenient and status is no longer an issue. “At a festival, everything is so expensive; I’ll just go for the most cost effective”. Depending on the occasion, core attributes that would be considered when purchasing alcohol would be the taste, alcohol content and cost. Females would also take into consideration the packaging and color.

On the other hand, the bottle of XYZ with the name blacked out was shown to the focus group and they were asked the question of what they would call it if they were to order it behind bar. The majority of responses were as expected which included “the one with the black label”.

Through projective testing and review of XYZ promotional posters, it was discovered that sales promotions and on premise advertisements are highly effective and are highly influential on the customer’s purchase decision. A female respondent emphasized that she would only enquire about an RTD if there was a “special deal”. Suggestions of promotions that appealed to the focus group included half price XYZ drinks or cheap XYZ RTD cocktails.

We used word association to uncover top of mind responses to the phrase “premium vodka”, which resulted in answers including ice, cold, expensive and alcohol brands such as Absolut, Smirnoff and others. This was then followed up by asking the participants to define the attributes that qualifies for premium vodka. Not surprisingly a clean taste (no ethylated spirit taste) was agreed as the core attribute in addition to the “experience with the

brand and knowing how you're going to feel the next day". A respondent believed that premium vodka should be "easy for your body to metabolize. It's not going to give you a hangover".

All participants were asked to react to the phrase "Russian culture" with the first word or words that popped into their minds. It was imminent that respondents associated Russia with "vodka" and Russians to be "hard drinkers". When probed about the drink that is associated with prestige and luxury, all participants responded with scotch.

It was also requested for participants to provide name, and words that they believed were cool, which unfortunately only stimulated one serious answer. A female respondent commented "I like the word Z". I think the word "Z" in a drink is cool. "I think it's clever... considering that people don't have "Z"s when they drink".

Top of mind responses to the name "Pure Russian" were generally positive and peaceful, evoking the words "beautiful blonde, sparse, open like Siberia and endless horizon". It was a name which the respondents could picture being associated with XYZ.

Surprisingly, only four respondents knew what a tsar was and all respondents believed that "Silver tsar" was not appealing name, with one respondent commenting that it's an unusual name for a drink"?

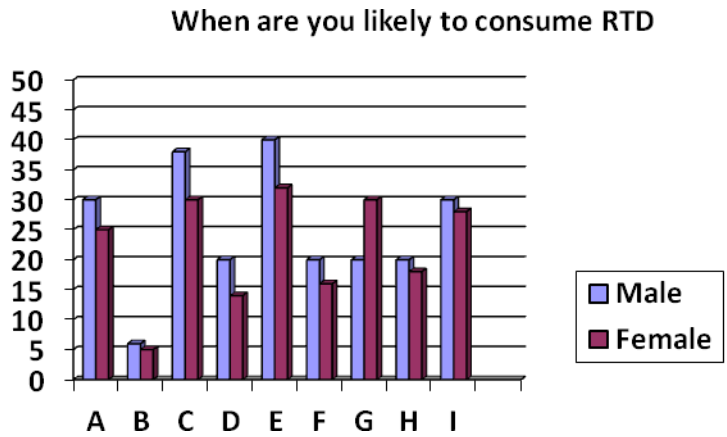
All respondents strongly disagreed with the name "XYZ Citrus" with a respondent explaining: "I don't associate citrus with Russia, it presents a conflicting image". Another respondent noted that "you would think it would be sour in taste because citrus is a strong flavor. Towards the end of the discussion, participants were asked to develop a bar call, resulting with suggestions including "Pure Russian" and "Z". According to female respondent who is a bartender, "Z" is a suitable and appropriate name for a bar call because "nothing else has that word in it behind the bar".

When informed about the other XYZ product lines highlighting "Z" being too vague, the respondent suggested "Z black". It was concerned that "Z black" would be too similar to Smirnoff's Double Black. The respondents ensured that they do not associate "black" with Smirnoff and that black is a common color used in other alcohol brands. "Black has the connotation as being the refined and the heavily distilled spirits. It is perceived to be more

“pure and stronger”. The participants believe that if the RTD bottle was a similar version of the XYZ Original with an altered silver color, it would be a significant improvement and would impact their decision to purchase it.

Let's also have a look at some charts based on the questionnaire.

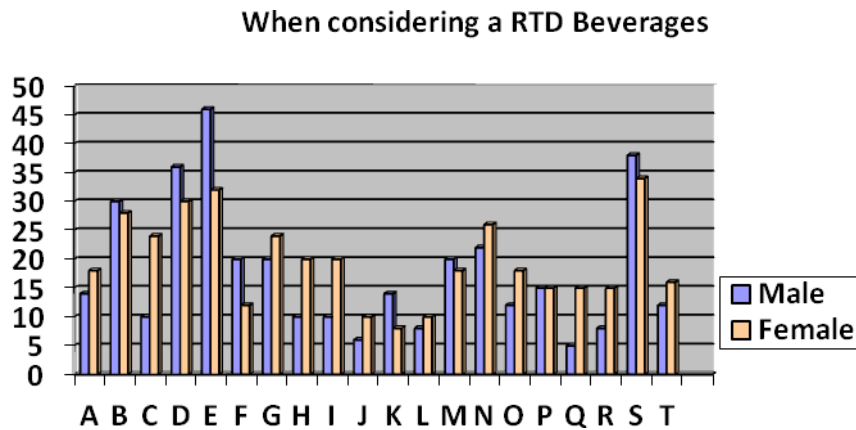
Figure 9: Chart of “Consume RTD time and place”(source: created by author)



Where:

- A. At a friend’s house or at home entertaining a small group of friends
- B. After arriving home from work
- C. A big night out
- D. Catching up with friends/colleagues at the local pub
- E. House party
- F. At a sport event. After playing sport/(s) club
- G. Weekend BBQ
- H. A celebration
- I. Music festival or rave

Figure 10: Chart of “Considering of RTD beverages”(source: created by author)



Where:

- A. Authenticity
- B. Availability
- C. Colors
- D. Convenience
- E. Cost
- F. Current positioning
- G. Easy to buy at the bottle shop
- H. Easy to call when I’m out
- I. Easy to store at home
- J. Fashion
- K. Heritage
- L. It’s important for people to see what I drink
- M. It’s the perfect mix
- N. Less waiting time at the bar
- O. More hygienic
- P. Packaging
- Q. Shape
- R. Status
- S. Taste
- T. The Brand

### 3.5. Process of Establishing and Promoting a New Brand

As already mentioned above, XYZ launched in 1998 in Russia, and was introduced to Armenia in 2009 and has global sales of over 2 million cases a year. It is Russia's number one premium vodka brand, and in Armenia it is in the top five mainstream vodka brands. In addition to the premix product XYZ vodka produces XYZ Original, XYZ Platinum and Imperia, competing the premium (Original) and super-premium (Imperia) segments of the vodka spirit category, XYZ is the only authentically produced Russian Vodka available for sale in Armenian market.

There is over 130 different pre-mixed ready to drink spirit glass and can products available to consumers in Armenia. During economic crisis, they all had low sales results. By the end of the crisis, in 2010 RTD sales returned to positive growth; however in-line with prevailing economic conditions 28% of consumers recorded cutting down their alcohol intake or buying cheaper brands of alcohol during the year to save money.

#### 3.5.1. Armenia: Aggressive repositioning

Armenia is one of the Commonwealth of Independent States (CIS) markets closely linked to Russia with high respect for premium Russian vodkas. On the vodka market, it has one of the highest Imported Segment (868K) growing at impressive 13% rate.

XYZ is a strong (7K) brand, but still lags behind Finlandia (14K) and Crystal (65K). However, it is widely recognized in the country, it has consumer franchise and support and therefore high growth potential. Our Distributor tries to catapult XYZ to a leadership position via aggressive repositioning versus Finlandia (8% below) and Absolut (22% below) by cutting down the transfer price for XYZ by 30% while maintaining current Case Rate Distance Measuring Equipment (DME) investment (\$26/ 9L). We are currently considering a business case to analyze volume upside versus cost implications and will come back with recommendation in 2013, validated by new CIS Distributor. The potential is to grow to 12 – 14 K 9L.

For the time being, we suggest the Budget which should see us doubling shipments from 2.5K to 5K, supported by DME of \$97K and retaining strong position in the market.

There is consistency with Global Positioning in XYZ Company, it's their Brand Philosophy. Such philosophy should help us to better understand what mean for XYZ Company Brand and how we should represent it in every alcoholic market over the world.

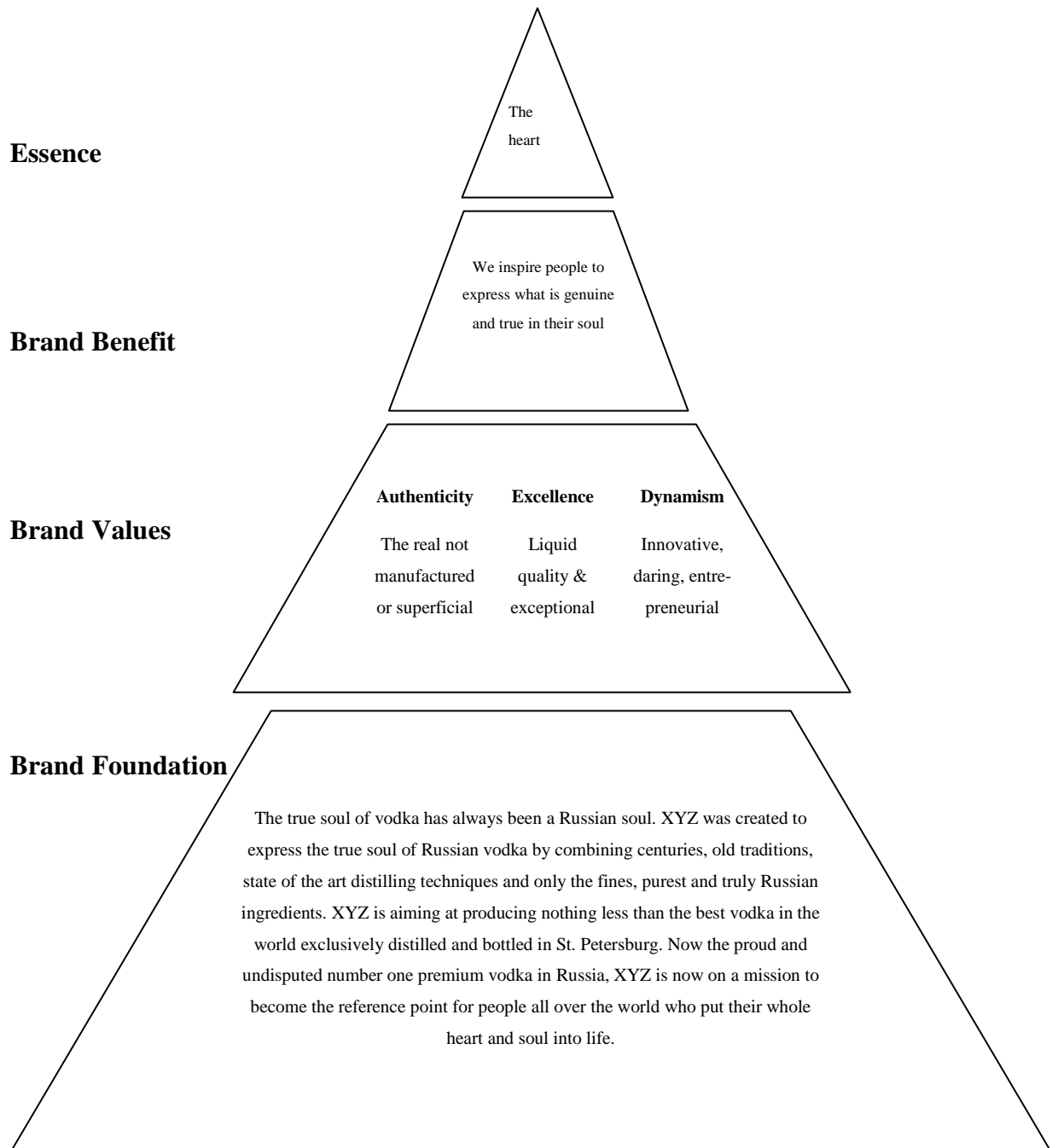


Figure 11: Brand philosophy (source: created by XYZ Company, 2010)

**3.5.2. XYZ Brand Health in Armenian market**

XYZ has been created as a premium, traditional Russian vodka, reflecting great history of Russian vodka and its unique traditions. There are a substantial number of customers which have affiliated to this brand up to now. However, the overwhelming majority of the Armenian consumers have recently tended to embrace more European brands, forgetting the true soul of Russian vodka, especially of Finnish origin, since it has high-level confidence among consumers.

As far as both Finlandia and Absolut brands achieve the visibility and attention of consumers at a high level, our main goal is to present XYZ as a fashionable, prestigious, modern and most desired premium segment brand, worth drinking on the most remarkable occasions (birthday, wedding etc.).

The objective is to invest in innovative techniques and tools to reach our audiences, to organize special events to be closer to our target customers at the same time maintaining prices -not increasing them at the cost of brand reputation.

*Table 9: Consumer trade trends*

Trend	Observation	Implication
<b>ON-Trade</b> is the most important channel for us in Armenia	To be really successful in Armenia we should make a breakthrough in the On-Trade channel. In the market where this channel accounts for 40% of total premium vodka sales, it is important to motivate local HoReCa (Hotels/ Restaurants/ Catering) to promote XYZ portfolio. Amid tough competitive environment, key target for 2013: secure additional listings in selective premium outlets and motivate staff making them to offer XYZ to consumers.	Invest in this channel and make XYZ the leader in the category
<b>ATL</b> opportunities	In the market with limited advertising restrictions, we should use all marketing opportunities including ATL. It is planned for 2013 to launch outdoor and inter-	Implement Outdoor



	net promo as well as BTL activities ON/OFF-trade channels	
<b>OFF-Trade</b> visibility	Having good distribution and even shelve dominance vs. competitors in the OFF-Trade channel we still lack for visibility. Target for 2013 is to create XYZ brand visibility in key accounts of Yerevan. Production and placement of branded pallets and stands is budgeted for 2012. Additional placement will be supported by huge consumer promotion: gift for purchase and Third Party Recruiter (TPR) – which is the best consumer trade motivation in Armenia.	More focus on additional placement

*Source: Created by XYZ brand distributor in Armenia, 2012*

### **Important points by Armenian alcoholic distributors**

There are some important questions and answers by our main distributors in Armenian market which also will help us in XYZ Brand repositioning process in Armenia.

Q: What does Distributor think about our strategy?

A: Ok, except any price increase Gold and Platinum XYZ on Y2013.

Q: What should be our strategy?

A: Continued volume momentum with focused innovative and consistent brand marketing.

Q: What is their view on our pricing?

A: In order to have competitive pricing and for XYZ to complete against Finlandia – XYZ repositioning is required. High price on XYZ can affect sales volume drop Y2013 vs. the plan.

Q: What should be our investment level?

A: \$ 26 per case.

Q: What changes the game in this market and drives volume and value?

A: Brand image and awareness importance for volumes in Armenia consumer prefers to choose a well-known brand. At the same time, consumers remain sensitive to prices and are looking for good deal offers - well-known premium brands for attractive price promotions. We have to be more affordable for consumer at least with XYZ.

#### *Recommendations*

Strengthening Super premium and Luxury segments

## **4. THE PROJECT OF BRAND RE-BUILDING OF XYZ COMPANY IN ARMENIA**

The rebranding promotional plan is aimed at reaching growth for the XYZ brand tapping into a new product and market, enhancing the market share and building awareness and preference for the XYZ brand in the affordable, ready-to-drink (RTD) segment. The campaign will use a holistic promotional approach, enlisting a range of ATL&BTL, media vehicles to support the campaigns core objective.

For achieve our goal, we have set ourselves the task, which includes three main programs through which we can achieve our goals, while taking into account all the risks, time and cost of our promotional campaigns. It will primarily involve: sales promotion, print media and the internet.

**Program 01:** Promotion across print media

**Program 02:** Promotion across HoReCa

**Program 03:** Promotion across Retail

Based on these 3 programs, nearby you can find a schedule for one-year promotion plan. We separated it on months and it shows how we are going to promote our new brand in Armenian RTD market.

*Market :Armenia*

*Currency: USD*

*“K” nominal for 1000*

*Table 10: XYZ brand promotion campaign in Armenian market for one year*

DME type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>ATL</b>		<b>16020</b>	<b>9520</b>	<b>9520</b>	<b>9520</b>					<b>9520</b>	<b>9520</b>	<b>9520</b>	<b>73140</b>
Digital		1870	1870	1870	1870					1870	1870	1870	13090
Print		150	150	150	150						300	300	1200
Outdoor		14000	7500	7500	7500					7650	7350	7350	58850
<b>BTL off trade</b>		<b>2970</b>	<b>2970</b>	<b>2970</b>	<b>2970</b>	<b>2970</b>		<b>2970</b>	<b>2970</b>	<b>2970</b>	<b>2970</b>	<b>2970</b>	<b>29700</b>
Visibility Pro-grams		2970	2970	2970	2970	2970		2970	2970	2970	2970	2970	29700
<b>BTL on trade</b>						<b>37500</b>	<b>37500</b>				<b>37500</b>	<b>37500</b>	<b>150K</b>
Consumer activation other						37500	37500				37500	37500	150K
<b>Trade cost</b>		<b>13K</b>	<b>10K</b>	<b>20K</b>	<b>10K</b>	<b>1K</b>		<b>1450</b>	<b>12K</b>	<b>13K</b>	<b>13K</b>	<b>11100</b>	<b>104550</b>
On trade TPR compensation		10K	10K	20K	10K	1K		1450	10K	10K	10K	10K	92450
Incentive for own staff (distr.)		3K							2K	3K	3K	1100	12100
<b>Total</b>		<b>31990</b>	<b>22490</b>	<b>32490</b>	<b>22490</b>	<b>41470</b>	<b>37500</b>	<b>4420</b>	<b>14970</b>	<b>25490</b>	<b>62990</b>	<b>61090</b>	<b>357390</b>

*Source: Created by author*

#### **4.1. Program 01: Promotion across print media**

Based on results of our questionnaire, now we surely know what kind of print media we should use and in which colors and tones.

Because under the legislation of Armenia, we are not allowed to directly promote the brand above 40% fortress on TV and radio, we decided it would be more expedient to make posters that we can post in Retailers and HoReCa. For this we have designed a few posters, light posters for HoReCa and Retailers.

We decided to cooperate with advertising agency and arrange 5 different posters, 3 different light posters for whole promotion campaign for a year.

We assumed use these posters in ATL promotion, such as digital, print and outdoor. And, of course, we will use the posters also in HoReCa and Retail promotions.

It will cost for us, as we mentioned above in Table 12, 1200 USD and will take totally 3 weeks for preparation of these advertising materials.

## 4.2. Program 02: Promotion across HoReCa

Based on our Competitor analysis and segment analysis, we already know that in Armenian alcoholic market HoReCa plays an important role.

As already mentioned, the RTD on the market keeps growing and consumers are mostly belong to the category of young people aged between 19-33 years. And young people are more time going to bars and take participation in the various parties and actions.

Therefore, we find it appropriate to conduct an advertising campaign in the HoReCa sector.

In the Program 01 we already have some promotions relatively posters in this sector, but given the importance of the HoReCa segment for Armenian market, we decided to extend the promo campaign and involve also Consumer activation programs.

Consumer activation programs mean that we should improve the facing in bars, restaurants and hotels and prepare the motivation activities for customer. For this we offer include XYZ brand in their bar and cocktails menu. Besides, we offer to prepare some presentation for customers. For example, 3 small glasses vodka or cocktails and 1 for free. It will have really good motivation for young people.

We offer conduct such type of activities at least 4 months in year, during the High Seasons – in Jun, July, November and December. And it will cost for us, as we can see in the Table 12, 150 000 USD.

Despite the fact that we are ready to implement promotion activities in HoReCa, we must not forget the importance of TPR. Just an introduction themselves of brand somewhere will not help matters, much depends on the workers of HoReCa. At the moment the market is crowded with competitors, and all promote their own brand, forgetting about who is "selling" their brand. Therefore, we decided to promote some motivation activation for workers of HoReCa. This will be reflected in the form of gifts, bonus - vodka or a percentage of the sale.

We offer conduct such kind of activities at least 10 months in year. And it will cost for us, as we can see in the Table 92, 450 USD.

### 4.3. Program 03: Promotion across Retailers

Relying on the results of our analyses, we can also say with certainty that an important role is also played Retailers. For this we offer visibility program in supermarkets and specialized large stores, which it represents the correct location of brands on the shelves, and sometimes even the presentation of only one type of brand on the shelf. It's very good and effective activation in supermarkets, and for us, of course, for improving XYZ brand position in market, it's even necessary.

We also use 'presents' activation for customers in supermarkets. It could be one more bottle of vodka for free, if a customer will buy 2 bottles of XYZ brand vodka.

We offer conduct such kind of activities at least 10 months in year. It's doesn't depend on High Seasons, because the customers buying the vodka during whole year from supermarkets. And it will cost for us, as we can see in the Table 12, 29 700 USD.

As we have said, the main role of brand implementation to the market play not only direct consumers, but workers of supermarkets and HoReCa, as well as its own employees. Based on motivation activities for employees of HoReCa, we have prepared almost same motivation activation for motivate own staff, for own employees. This activation represents a percentage of sales in the form of cash bonuses.

We offer conduct such kind of activities at least 5 months in year. And it will cost for us, as mentioned in the Table 12, 100 USD.

Conventionally, the campaign budget will make \$358 000 for maximum exposure and penetration of the market. The campaign grants an opportunity for location for a *Trip for Two* during 2013 summer season.

Having considered the time and price, let's move on to the risk that too plays an important role in our project.

There can be a risk to lose some money (about 45% of investment), but there is no risk to fail the all promotion plan, because Armenian RTD market is ready to welcome new brand of well-known product.

The risk for this project is managed largely to the fact that there will be no profit and, of course, to fall the project of rebranding XYZ brand in Armenian market itself.

## CONCLUSION

Coordinated implementation of the above mentioned activities will build XYZ's brand awareness with the target audience, increase consumer desire for the product, provide XYZ with a database that will be beneficial in the short- and long-term for communication, engagement and promotion, drive traffic to XYZ's social and media platforms, associate the brand with the lifestyle and social affiliations of the target audience, and drive the broader distribution of the RTD product into a wider selection of venues frequented by the target audience, concurrently building further on the campaign generated increased awareness and word of mouth, ensuring a "Pure Russian" remains a premier component of the target audience's repertoire of drinks.

Among many strong brands of different segments or the portfolio of Distributor, XYZ has huge potential for growth within the next few years. Key signs favoring such a growth are:

- brand health and quality,
- consumers' need for advanced brands,
- strong distribution force,
- global marketing tools provided by XYZ.

## Recommendation

With affiliated stakeholders and venue partners on board, and requisite planning in place, the proposed campaign activity should be reviewed as a matter of urgency. The stated plan is acutely time-sensitive, the summer period is critical for competitor brands and a decisive implementation strategy will ensure XYZ is able to successfully carry out this campaign in its optimal sequence and manner.

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## **LIST OF ABBREVIATIONS**

IPE – International Petroleum Exchange

ICE – InterContinental Exchange

IPO –Initial Public Offering

RTD – Ready To Drink

CIS – Commonwealth of Independent States

DME – Distance Measuring Equipment

ATL–Above The Line

BTL–Below The Line

HoReCa – Hotels/Restaurants/Catering

TPR – Third Party Recruiter

MIS – Marketing Information System

AMS – Automatic Information System

USP–Unique Selling Point

GFC–Global Financial Crisis

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Figure 7: Bottles of Finlandia and Absolut vodka

(source: <http://alkoteka.wordpress.com/2011/03/03/kolejna-doskonala-odslona-finlandia>;  
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Source: created by author

## **APPENDIX 1: QUESTIONNAIRE**

### **1. Gender**

- a) Masculine
- b) Feminine

### **2. Age**

- a) 18-21
- b) 21-35.
- c) 36-50.
- d) 51-65.

### **3. What social-professional group do you belong to?**

- a) Middle management or higher
- b) Employee, associate
- c) Freelancer
- d) Unemployed

### **4. Your family income is...**

- a) Above average
- b) Average (USD150-200 per month per family member)
- c) Below average

### **5. How often do you drink vodka?**

- a) I don't drink at all
- b) Once or twice a month
- c) Once or twice a week
- d) Three or more times a week

### **6. What three countries produce genuine vodka in your opinion?**

- a) Germany
- b) Finland
- c) Russia
- d) Canada

- e) Poland
- f) Denmark
- g) Holland
- h) Ukraine
- i) U.S.
- j) Sweden

**7. What size of a bottle do you think most convenient?(in liters)**

- a) 0.1
- b) 0.25
- c) 0.33
- d) 0.5
- e) 0.66
- f) 0.75
- g) 1.0
- h) 1.5
- i) 2.0 liters

**8. 1 liter bottle of vodka should cost in your opinion...**

- a) around AMD2000 – 4000;
- b) around AMD4050 – 6500;
- c) around AMD 6500 – 10000;
- d) around AMD 2 000 – 25 000;
- e) around AMD 25 000 and above.

**9. Which three below mentioned Russian vodka brands are the most popular ones in Armenia in your opinion?**

- a) "Putinka"
- b) "Stolichnaya"
- c) "Beluga"
- d) "XYZ".
- e) "RusskayaRuletka"
- f) "Crystal"

- g) "ZolotayaKorona"
- h) "Siberian"
- i) "ChistiyKristall"
- j) "ZelenayaMarka"

**10. Which three below mentioned foreign brands are the most popular ones in Armenia in your opinion?**

- a) "Kremlevskaya"
- b) "Rasputin"
- c) "Absolut"
- d) "Finlandia"
- e) "BeliOrel"
- f) "Smirnoff"
- g) "Demidoff"
- h) "Keglevich"
- i) "XYZ"

**11. What flavors do you prefer?**

- a) Lemon
- b) Pepper
- c) Currant
- d) Cranberry
- e) Menthol
- f) Fruit
- g) Nothing

**12. What degrees of vodka do you prefer?**

- a) 32-38
- b) 39-42
- c) 43-50 degrees

**13. Where do you usually buy vodka?**

- a) booth

- b) Brand store
- c) Food store
- d) Cafe, bar, restaurant
- e) Wholesale market

**14. How much does the design of the bottle matter?**

- a) Very much
- b) Average
- c) little
- d) Doesn't matter

**15. You drink vodka to ...**

- a) Relax after work
- b) Join the party
- c) Enjoy
- d) Just to drink

**16. How often do you go out?**

- a) Few times a week
- b) Weekly
- c) Few times a month

**17. Where do you go out?**

- a) Night club, bars, pubs
- b) House party
- c) Restaurant

**18. Average drinking's per night out?**

- a) 1 to 3
- b) 4 to 6
- c) 7 to 9
- d) 10+

**19. Reason to go out/ drink?**

- a) Have fun
- b) Socializing
- c) Get drunk