



# The Effect of Brand Management System on Performance of Companies (Case Study: Office Furniture Production and Exporting Companies)

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**Abstract:** *One of the most important principles of modern marketing is brand management and its role and importance in the development and growth of companies. Issues such as brand improvement, increasing company performance and its profitability as well as having clear understanding of the benefits that the customer is looking for are considered within the realm of brand management and its effect on company performance. The results of previous studies suggest that less attention has been paid by researchers on the effect of different dimensions of brand management on the performance of companies. Thus, the main objective of this research is to evaluate the effect of dimensions of brand management system on the performance of companies. The research population included furniture manufacturers in Iran. Data were collected using questionnaire. The response rate was 74.35%. Structural equation modeling and Smart Plus software were used to analyze the data. The results of the hypotheses testing revealed that the brand management implementation has a significant and positive effect on mental performance of brand. Measuring the effect of brand management dimensions on company performance, this study can provide new insight for researchers and authorities to improve organizational performance. Thus, the results of this study can be useful for academic communities and relevant authorities.*

**Keywords:** *Brand Management, Organization Performance, Brand Management Implementation*

## INTRODUCTION

At present time, competition in global markets has often led companies to introduce their products and services using various methods such as modern marketing practices in order to increase their market share in domestic and international markets and survive in the highly competitive market. Although paying attention to brand, branding and its management does not have long history in Iran, tendency to use marketing methods in companies is growingly increasing. One of the most important principles of modern marketing in brand management is its role and importance in the development and growth of companies. Issues such as brand improvement, increasing company performance and profitability as well as having clear understanding of the benefits that the customer is looking for are considered within the realm of brand management and its effect on the company performance. This issue is now considered seriously by researchers and market professionals. The researchers' emphasis on significant benefits of strong brands to the company can lead to customer loyalty and, as a result, generate more revenue for companies over time. For this reason, brand management has been considered as the most important activity of the companies over the last decades.

## **Research objectives**

### **A. Primary objective**

**Primary objective:** The primary objective of this research was to evaluate the effect of brand management system on the mental performance in companies operating in the office furniture industry.

### **B. Secondary Objectives:**

Secondary objective: evaluating the effect of brand management on mental performance.

### **Research hypotheses:**

The main hypothesis: Brand management system directly affects organizational performance.

## **Methodology**

The present research is applied in terms of objective, descriptive in terms of type, and survey in terms of data collection method. To collect data, a questionnaire with 7-point Likert scale was used. The questionnaire consists of three sections. The first section of the questionnaire includes a brief explanation of the questionnaire and the way of its completion. The second section of the questionnaire includes demographic questions of respondents. The third section of the questionnaire includes questions related to research constructs.

### **The research domain**

The research population included furniture manufacturing companies in Iran. Based on the available statistics, 156 companies are operating in this sector in Iran. Due to the small size of the research population, the census model is used to determine the sample size. Marketing managers of these companies are respondents to the questionnaires of this study.

### **Review of literature**

In a research conducted by Hasani et al. (2013) entitled "evaluation of the effect of brand management system on company performance", the model of brand management effect on company performance was evaluated and the factors influencing the success of this strategy were identified. The results revealed that the brand management system is the base of brand strategic management, domestic branding and branding orientation, and brand success depends on the planning and implementation of a creative and systematic brand management. In addition, it should be noted that the brand management system will vary according to the company's internal and external conditions. A research was conducted by Hossein Safarzadeh et al. (2011) entitled "Brand orientation and improving the performance of companies". This research was conducted on the brand orientation, factors influencing and preventing brand creation in organizations and the effect of brand orientation on organizational performance. The results confirmed the effect of the brand orientation in the organization as a marketing strategy through the creation of innovations and brand differentiation, leading to increased brand performance and ultimately improved company performance. In the study conducted by Mahnaz Tahuni Bonab (2011) entitled "The role of branding in international marketing performance, the role of branding in international marketing performance was examined. In this regard, two components of brand orientation and brand re-positioning and its effect on the performance and international marketing strategy of the company were evaluated. The results revealed that brand orientation and brand positioning variables have a positive effect on brand performance in international marketing of companies and the variable of brand orientation had the most effect on brand performance, and the effect of brand positioning on international marketing performance is indirect.

A research was conducted by Hasan Alizadeh (2011) entitled "Determining the indicators influencing the development of Iranian wooden furniture export through analytical hierarchy process" to examine the foreign trade and its role in economic development as a factor of economic growth or a factor exacerbating international inequalities and the importance of non-oil exports, including wood and furniture industries, history and potential of this industry in Iran and to determine the indicators affecting Iranian wooden furniture development using hierarchical analysis process. The results revealed that the indicators of material and

product and the economy and market had the highest weight value at the main level. Moreover, among the 48 sub-indicators, the supply of raw materials, the expansion of strategic marketing, the provision of low-cost and low-interest financial resources, participation in international exhibitions, quality control, high-quality and raw materials, and the powerful banking system, respectively, had the highest priority. The results of the research conducted by Zahra Derakhshan et al. (2010) entitled "evaluation of the brand functions firms operating in international commerce in Tehran province" showed that the reliability of 94% (using Cronbach's alpha method) in terms of internal consistency and the coefficients of standard effect of these paths varied from 0.2 to 0.74. Thus, all five research hypotheses were confirmed. A research was conducted by Renton et al. (2016) entitled "An exploratory look at brand orientation in small and medium-sized enterprises and brand management in the New Zealand food and drink sector". The results revealed that while entrepreneurs try to manage their brand initial values, brand norms are ignored due to external factors (in small and medium-sized enterprises). Other branding methods in small and medium-sized enterprises were identified and the practices, which yield the best compatibility in domestic and foreign markets, were examined.

The results of a research conducted by Zolkifli (2014) under the title of "Business performance of small and medium-sized enterprises: subjective or objective criteria" revealed that the subjective criteria to measure the performance of small and medium-sized enterprises are more precise given the various barriers in obtaining objective real information. A research was conducted by Wu Gong (2011) under the title of "brand management in small and medium-sized enterprises, a case study of the HASTA Company" to examine issues related to brand management in small and medium-sized enterprises. Empirical results show that brand policies of small and medium-sized enterprises are strongly affected by brand awareness, marketing strategies, brand recognition and resources, and so on. A final model of brand management was also introduced for small and medium-sized enterprises to help them develop their brands. A research was conducted by Simon et al. (2010) under the title of "Brand management to support brand equity: A conceptual model". The proposed conceptual model includes three stages to build and maintain brand value: (1) adopting a brand orientation thinking approach; (2) development of internal branding capabilities; and (3) continuity of brand delivery. Some hypotheses were proposed, which formed a brand management theory to build and maintain brand value. In the study conducted by "Burondall" (2007), entitled "International marketing behavior among exporting companies", he tried to answer the question of what is required for international success by increasing globalization and internationalization of the business. The results of this research did not show a general difference between the international marketing behaviors among small and large companies. The main factors which affect entering to market are local agents and the need for services in local markets. The most important barriers were technical and administrative barriers and a highly competitive situation. The change in market conditions also affects the need for change in strategies. Its experimental concepts include management as a commitment and kind of interaction in international activities, especially when the company tries to acquire a position in a marketplace and management should recognize and meet the requirements of services in the local export market.

## **Results**

### **Descriptive Statistics**

The data required for this research were collected during the period from 10 October to 27 December 2017. Questionnaires were first distributed among 156 marketing managers of the companies studied. Among the distributed questionnaires, 116 questionnaires were collected. Based on Table 1-4, 76.724 percent of the respondents were male and 23.276 percent of them were female. With regard to education level of the subjects, 10.3451% of them had bachelor, 68.103% of them had master, and 21.552% of them had PhD level of education.

**Table 1:** Demographic information of research respondents.

Variable	level	Frequency	percentage
Gender	male	89	76.724
	female	27	23.276
Total		116	100.000
education	bachelor	12	10.345
	Master	79	68.103
	PhD	25	21.552
total		116	100.000

**Description of research variables**

In this section, the results of descriptive testing of research variables are presented:

A summary of the descriptive statistical tests is presented in Table 2. In addition, in order to provide more explanation on the indicators of the brand management implementation construct, a single-sample or single-group t-test was conducted to compare the mean of the indicators of each construct with the average level of 7-point Likert scale (such as 3.5). Based on this table, the mean response of respondents to the construct questions is between 3.8205 and 4.0000, which is more than the average level of 7-point Likert scale. The standard deviation is also between 1.07386 and 1.21814.

**Table 2:** Descriptive statistics along with a single-sample t-test related to the brand management implementation construct.

	number	mean	SD	test t	Significance value Sig. (2-tailed)
Brand management implementation 1	116	3.9103	1.07386	4.772	.000
Brand management implementation 2	116	4.0000	1.21814	5.127	.000
Brand management implementation 3	116	3.8205	1.11000	3.607	.000
Brand management implementation 4	116	3.8333	1.15190	3.614	.000
Brand management implementation 5	116	3.8462	1.10222	3.923	.000

A summary of descriptive statistical tests is presented in Table 3. In addition, in order to provide more explanation about the indicators of mental performance construct, a single-sample or single-group t-test was conducted to compare the mean indicators of each construct with the average level of 7-point Likert scale (e.g., 3.5). Based on the table, the mean response of respondents to the mentioned construct questions is from 3.4744 to 4.2115, which is more than the average level of 7-point Likert scale. The standard deviation of respondents' responses to the questions of this construct is between 1.19142 and 1.40581.

**Table 3:** Descriptive statistics along with a single-sample t-test for mental performance construct.

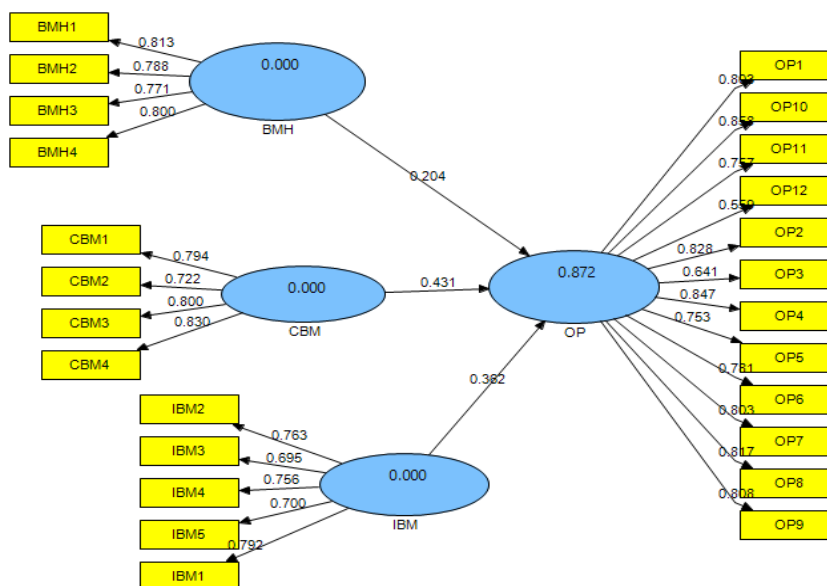
	number	mean	SD	test t	Significance value Sig. (2-tailed)
Mental performance 1	116	3.6218	1.24612	3.221	.004
Mental performance 2	116	3.7756	1.37524	2.503	.013
Mental performance 3	116	3.4744	.94663	3.338	.006
Mental performance 4	116	3.6923	1.31304	2.829	.069
Mental performance 5	116	3.7051	1.27111	2.016	.046
Mental performance 6	116	3.8013	1.33644	2.816	.005
Mental performance 7	116	4.0064	1.19945	5.273	.000
Mental performance 8	116	3.7949	1.26857	2.903	.004
Mental performance 9	116	3.7628	1.19737	2.742	.007
Mental performance 10	116	3.9679	1.54678	3.779	.000
Mental performance 11	116	3.8269	1.40581	2.905	.004
Mental performance 12	116	4.2115	1.19142	7.459	.000

**Testing the research hypotheses**

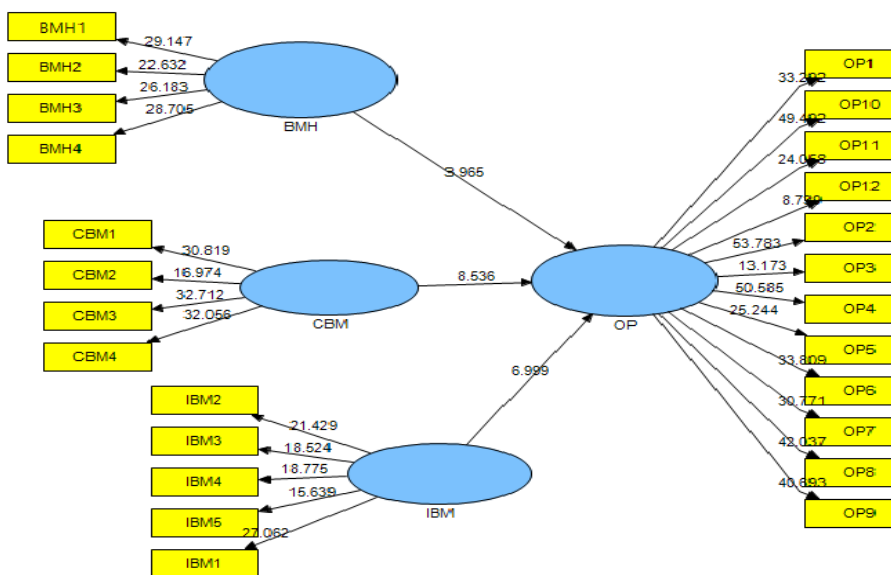
The first objective of this study was to evaluate the effect of brand management implementation on mental performance. To achieve this objective, the following hypothesis was developed: The brand management implementation has positive effect on mental performance. Based on the table below, brand management implementation has a positive and significant effect on mental performance ( $t = 3.9652$ ,  $\beta = 0.2036$ ).

**Table 4:** path standard coefficients and its significance.

Path	Path standard coefficients ( $\beta$ )	Standard error	Significance of standard coefficients (t)
brand management implantation → Mental performance	0.3623	0.0518	6.9994



**Figure 1:** graphic model of standard coefficients ( $\beta$ ).



**Figure 2:** Graphical model of the significance of standard coefficients (t).

**The result of the primary hypotheses of the research**

The final result of the research is presented in Table 5.

**Table 5:** Results of research hypotheses.

hypothesis		
Research hypothesis	brand management implementation has positive effect on mental performance	brand management implementation has significant and positive effect on mental performance

**Discussion and Conclusion**

The results obtained from descriptive statistics on brand management implementation construct suggest that the mean response of the respondents to the questions of this construct is between 3.8205 and 4.0000, which is more than the average level of 7-point Likert scale. Additionally, based on the information obtained, standard deviation of the respondents' response to the questions of this construct is between 1.07386 and 1.21814. In addition, the results of descriptive statistics on mental performance construct suggest that the mean response of respondents to the questions of this construct is between 3.7067 and 3.4856, which is more than the average level of 7-point Likert scale. In addition, based on the information provided, standard deviation of the respondents' response to the questions of this construct is between 1.24139 and 1.32963. To achieve this objective, the following hypothesis was developed: brand management implementation has positive effect on mental performance. The results showed that the brand management implementation has a positive and significant effect on mental performance ( $t = 3.9652$ ,  $\beta = 0.2036$ ). These results are consistent with the results of previous researchers (Hasani et al., 2013; Farzaneh Orak et al., 2013; Ali Hasani et al., 2012; Hoseini Safarzadeh et al., 2011; Yan Hui Zhao et al., 2016; Renton et al., 2016; Zolkifli, 2014).

**Recommendations**

- Based on the research hypothesis, brand management implementation has a positive and significant effect on mental performance. Based on the result of this hypothesis, the following recommendations are presented:
- Developing a systematic and purposeful method for separating brand management from product management.
- Developing a systematic approach to brand valuation as a valuable asset of the organization and developing methods to measure it.
- Use of the modern and current method to measure the brand value of the organization.
- Applying the best methods to measure brand management and sharing these practices among employees of the organization.
- Developing distinct mechanisms to measure brand value for different products of the organization.

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