

EXPLAINING MARKET MAKING AND BRANDING OF IRAN SAFFRON BASED ON STRATEGIC MODELS (CASE STUDY: NEGIN ZAFARAN COMPANY)

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ABSTRACT

There are different visions about market making and its adaptation to international standards. It is obvious that decisions based on achieving international brand should be made according to basic common and semi-common concepts of existing markets that need local adaptation. In the present study, a supply-demand model is proposed to facilitate the procedure of market making and product and service branding. Moreover, using strategic models for strategy configuration and standardization of Negin Zafaran brand and its adaptation with international brands, it was attempted to propose a model and evaluate its requirements. In this paper, after reviewing the issues relating to standardization concept, it is emphasized that brand core identity should remain fixed while its implementation must be localized. As a result, while retaining fundamental concepts of brand, strategy adaptation and its implementation according to local differences are accentuated.

Keywords: *Brand, Strategy, Marketing, Branding Supply/Demand Model*

INTRODUCTION

Market making concept is generated when producers or sale managers are concentrated on creation, promotion and retention of market share. In the other words, market making means penetrating in to market and introducing the organization and its products and services using controllable marketing factors (product, price, place, promotion) which constitute marketing mix (Roosta, 2006). Using marketing mix and creating product demand and tension from customers, the markets find necessary competence to obtain higher level of market share; the issue can promote exporting and importing markets. As a result, it is important in international markets to evaluate business balance and to compare import and export volumes. International markets are necessary fundamentals for Iranian saffron; and saffron producers and exporters pay much attention to importance of market making and marketing. Today's movement of saffron market can pave the future development if it is accompanied with understanding importance of global markets. In this regard, decision making about saffron strategies and offering it to the market play critical role. Because product choice and its brand or the services provided to external markets by the company constitutes the basis of international marketing which is usually measured by customers' willing to accept. Indeed, a new product won't be successful unless the managers are aware and sensitive to creating a link between idea generation, designing and generating the product and its distribution and acceptance (branding) (Roosta, 2006). Branding is an important issue of product management strategies. Production of a product under a certain trade mark requires high and long term investment, therefore, many producers prefer to solely produce and submit branding activities to others. However, the producers finally recognize that market power is under control of brand owners (Kotler, 2013).

Saffron is an important strategic product of Iran in the international level, because it has a high quality due to climate variation. Saffron production level has increased in recent years, a large part of which is exported. Due to its application as food and medicine, saffron is accepted by many people around the world. Based on existing statistics, Iran has both relative and absolute advantage in saffron production, but considering this high production level, its exporting rate is not comparable with Spain, United Arabic Emirates and Italy and there is still large exporting capacity for Iranian producers (Hosseini, 2009). Investigations have revealed that the main cause of Iran failure in saffron marketing resides in packaging

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and branding and this limitation has provided Iran with only a small portion of final consumers. Before dealing with market making and branding, it should be determined that how saffron branding process can be defined so that it supplies the demands of final consumers. Moreover, which strategy must be adopted in the highly competitive saffron market that results in a successful market making? Should each saffron product have a different name? or they had better be under the brand of a superior organization or product? In this investigation, we attempted to propose a conceptual model for configuration of saffron branding strategy and evaluate its market making requirements.

Brand and Its Value

Brand is a name, concept, symbol or a combination of them which is used for identification of products and services of the seller. Each brand has many key duties which include (Pamela *et al.*, 1999):

- characterize the product or service and enable the customer to identify, offer or reject the product.
- send the signals to customers. The provided information can be expressions about life style of customers, modernism or wealth increasing.
- Brand is considered as a part of legal asset, the owner of which can invest by or be legally protected against the competitors

A brand has both physical and cognitive identity. Its physical identity is found on the shelf of supermarkets, but its cognitive and conceptual identity resides in customers' perception.

Brand's power and value is so high that customers' behavior of some products such as cars is influenced by brand name. These customers don't consider product properties; rather they are concerned with the brand and if the producer has a superior brand and offer high quality products, they will be characterized in the competition. Producers always monitor their competitors and to overcome their competitors, they manifest their products' properties and technology in the commitment of their brand. Obviously, merely offering excellent product does not guarantee the success in the market, so the producers require excellence in both product and brand value if they are going to achieve success.

Branding scholars recognize that brand name is a key factor for creating value for brand and product, because it influences sticking of the brand in customer's mind and even affects general aspects of the attitude to the brand. In fact, brand value implies the profitability of the product. This increased profitability can be a combination of increased price and elevated sale (Ahmadi *et al.*, 2008).

Properties of an appropriate brand can be summarized as follows:

1. Brand should describe advantages of the products
2. Brand should be attractive and expressing and sticks in minds
3. Brand should be proportional to firm activity or product image
4. Brand should have no legal limitations

In international marketing and export, it should be noted that brand should not be in opposite to ethical principles and even not bear inappropriate meaning in the destination country (Kumar *et al.*, 2002).

Definition of Brand Management

Brand management refers to implementing marketing techniques for special product or production line. Brand management seeks for enhanced value for customer and finally increased sale volume. Marketers consider brand management as a tool for enhancing the customer perceived quality, enhancing purchase and creating loyalty among the customers. One of the most advantages of brand management for a company is that by means of this tool, the price of products and services can be elevated without losing firm's customers. Brand management is indeed a tool for being distinguished (Ahmadi *et al.*, 2008). Brand is a symbol of honesty, commitment and accuracy.

Brand management accentuates that creating a powerful brand is necessary for company; moreover, the company should guarantee its activities compatibility by means of its brand commitment. The producers have always destroyed their brands by concentrating on financial issues such as income and investment return, this phenomenon is a consequence of mass production based on critical role of suppliers (Ahmadi *et al.*, 2008). Five main keys of brand management prioritized by the producers are (Mirvahedi, 2008):

1. Brand has strategic value, meaning that producers should set a strategic long term plan to extend and develop their brands. Setting such a plan guarantees brand value as a main capital of the company.

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2. Creating a unique brand prevents product identity loss and price battle
3. Creating a global brand is necessary for globalization
4. Brand management brings out organizational empathy and knowledge sharing through the organization
5. Brand management shifts firms' strategy from "price-oriented" to "value-oriented". It should be mentioned that pricing is only a part of value creation for customer. The ultimate goal of producers is to possess customers who appreciate their brand and pay for purchasing the products under their brands, not purchasing as a result of discount and other incentives offered by the producers.

The companies usually create their own brands via one of the three forms as follows:

1. Simple branding, in which each brand relies on itself and rarely needs supportive name of the producer
2. Supportive branding, in which the brands are supported by a larger identity.
3. Integrated branding in large dimensions, in which the parent brand is virtual whose name is used in all the products of the company.

Comparing "product oriented" and "brand oriented" strategies

Product marketing has a vertical structure, but brand marketing has a horizontal structure which is based on life style, because customers adopt products that are compatible with their life style. On the other hand, brand managers require awareness about customers' demands and should implement strategies that can meet these requirements (Mirvahedi, 2008).

Table 1: Comparing "product oriented" and "brand oriented" strategies

Marketing components	Product orientation	Brand orientation
Product	Production based on target market demands, increase in sale volume and income	Product meets customer's demands
Price	Discount after offering the highest price	Offering optimal price based on investigation results
Advertising	Emphasis on product properties Plan; high volume of advertisement during introducing new product	Emphasis on product advantages for customers Plan; advertising the brand during introducing the product and suitable investment
Extension and motivating activities	Priority; increased sale volume in short term	Priority; loyalty to the brand
Distribution channels management	Key factor; importance of logistic tactics of supplying model and storage	Key factors, improving competitive strategic capacities which strengthen the brand

Fundamental principles for constructing high profitable and permanent brands are proposed by Light:

- a) Brand marketing columns include for major elements: identifying, attracting, supporting brand loyalty, fortifying brand loyalty
- b) Brand does not have life cycle and its value is enhanced over the time
- c) Brand loyalty and leadership: company can progress via brand loyalty since loyal customers are nine times more profitable than non-loyal ones
- d) We should appreciate customers' value; companies should determine current customers' value. Knowledge about customers' knowledge enables the companies to match their products for better acceptance (Victor and Filho, 2003)

Brand Globalization Potential and Its Advantages

Systematic evaluation of brand globalization potential is carried out via check list factors as follows:

- What does brand mean in the target market? What relation does it create?

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- Is it advantageous if the brand name associates with a certain country?
- Are brand and trademarks legally used in various countries?

If the answer to these questions is positive, it shows that adopting global brand is very useful for globalization.

- It is better to use two brands in global market
- If local brand can't be changed, the probability for selecting a regional brand should be evaluated. Regional brand can be a powerful competitor for the global brand in that region and provide itself with a better position.

There are many advantages for companies that use global brand, three of which are:

- 1- External demand is one of the main factors in global brand. Selling in markets of a country creates demands in other countries and the global brand is easily identifiable in other markets. To attract external demands, the brand should be identical everywhere and this is why the global brand has priority over regional brand.
2. Attracting global customers is considered as the second advantage of a global brand; meaning that people who visit different parts of the world for business or tourism meet products with global trademarks in airport shops and are attracted to them because they know these brands.
3. Saving is the next advantage of global brand because identical logos for packaging, reduces production costs; meaning that production costs are divided by more product units, moreover it is accompanied by discount in using global media which consequently decreases distribution costs (Ahmadi *et al.*, 2008).

Marketing and Planning for Brand Internationally

An effective vision proposed by Buzzell predicts that standardization for cost saving, compatibility with customers, idea transfer and improved control and planning is enhanced. The author also mentioned barriers such as distinctive market, legal limitations and internal organization of the firm. Many contrasting perspectives were proposed thereafter, the most notable one may be that proposed by Levitt and Kotler.

Kotler (2008) proposed four types of strategies for branding:

1. Individual branding such as Golrang group strategy for various products
2. A blanket family name for all products such as Hershi chocolate
3. Separate family name for all products such as strategy of Kadbanoo company for its food products which are provided under the “delpazir” brand
4. Company trade name combined with individual product names. In this integrated strategy, the firm adopts an individual name for each product and applies the name together with company's name.

Brand marketing is not common in pan-European societies due to national difference barriers within some markets and products, market access barriers and legal limitations. Wise approaches exist for determining procedures toward integration, identifying the barriers of national distinctions and accurate brand planning adaptation. International brand planning process can be considered in two successive phases. The first phase includes decision making on core principles of the brand which requires identification of a principle based on which the brand is understood by the customer in a way that unique value added is retained. The second phase includes planning and implementing brand advantages internationally. Therefore, after analyzing internal status of a firm and its subunits and analytical evaluation of the environment of each country, a decision is made for exploiting the resources for international transfer of the brand. Some authors have neglected Buzzell perspective expressing that full standardization is in opposite to full adaptive strategy.

Wolfe (1991) proposed a four-part classification for international brands. The author maintained that the size of international brands depend on thin or wide parts of customers and also on the brand that are strongly or weakly devoted to integrated identity of the firm. When considering brand elements for standardization or adaptation, regarding two components of the brand is useful: one is comprehensive (core) concept and the other is an implementation whose added value does not alter the localization and can be performed by concepts such as satisfied customers logic, physical demands and mental-social needs.

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Implementation means individual operations such as packaging, product content, tactical promotions and ethical and media policies. To determine the extent of standardization of brand implementing, marketers regard the equilibrium between supply side and demand side.

International branding of Demand-Supply model

Demand-supply model has advantages for analyzing and evaluating naming procedure for international business that will be noted.

As the initiation point, customers' convergence separates market and demand drivers from supply or efficiency incentives, as presented in the figure below.

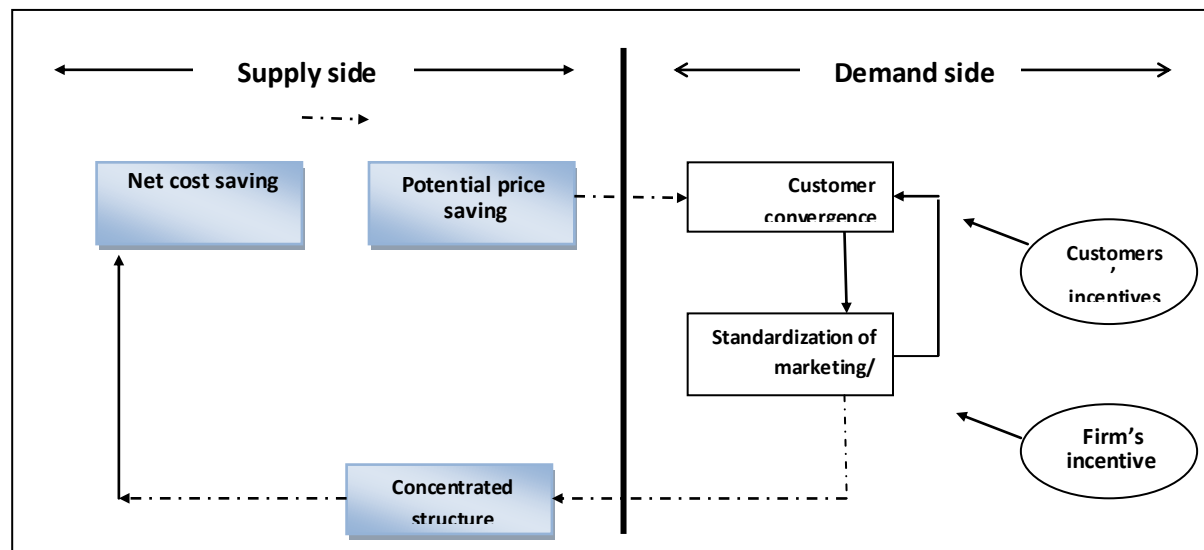


Figure 3: Demand-Supply model for international business nomenclature

In demand side, the following factors should be considered:

- Customers' convergence: the core issue of this factor is an extent in which customer's demands are accurately and internationally convergent (similar to each other), or considerable national demands that sustain. Consumption behaviors, general media, life style variation, cultural difference, customer purchase power and customers' age variation are the factors that affect customers' convergence. Expert market evaluation requires collecting exterritorial data resource and not conventional inaccurate implementing of market researches. Firms should obtain procedures that are generally in use in various countries. Customers' convergence can be separately conducted by general customers' approaches or active leadership resulting from international marketing strategies; these approaches require exact survey about competitors' activities, similar foreign markets and various information sources. Standardization of marketing/production: this requires active control of new international product activity and predictive information for identifying potential competitors. Management and commercial press are valuable information resources for standardizing relations, sale and pricing policies.

In supply side, the following key issues should be considered:

- Concentrated structure: dash line in figure 1 indicates that concentration is a result of standardized brand marketing which is probable and not certain. Implementation of general brand marketing can be performed via non concentrated structures; however, many European firms apply some degree of standardization for their brand marketing plans. Immediate sale is an effective factor for this purpose.
- Saving/ non-saving: the highest value of marketing should be placed behind international commercial nomenclature in comparison to segregation and national marketing budgets. By balancing this problem, companies should evaluate potential distribution non-saving and issues such as concentrated collaboration costs of the organization, non-flexibility and resistance of independent national units.

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- Cost will affect company's competitive status in international markets via stimulating relative price and influencing the future. Price leadership toward its reduction and fortifying customer convergence will empower international commercial nomenclature.

On Overview on Marketing Status and Export of Iran Saffron

Marketing of agricultural products can be defined based on two general perspectives. The first one covers all the operations conducted on the product from production to consumption; while the second perspective have a wider concept, in which marketing is initiated from production planning to after sale and achieving customers' satisfaction. According to Kohler, agricultural product marketing includes all the operations and business services executed on the products from production to consumption (Javid, 2008). Saffron has special importance concerning its high water use efficiency compared to other crops and high incoming and employing capacity and extension of non-petroleum export. On the other hand, legislation of 1378 act implying inclusion of tax on saffron packages higher than 30gr has disturbed the peace of saffron export (Hosseini, 2009). This situation has resulted in extension of saffron export in customer-accepted weights and supporting employment and promotion of packaging industry and enhancement of added values. Full packaging line of saffron should retain its survival in global market by meeting market demands and production variability; this depends on market making and branding strategy of the saffron. There are two groups of target countries for Iran saffron. The first group is composed of buyers who want to purchase the saffron in small weights to provide them in their distribution network and packages over 100gr constitutes only a small portion of their purchase. This part of market relates to retailing packages in which Spain has played a relatively continued presence. Although this phenomenon has not weakened Iran saffron, fake saffron sold under Iran name has brought about severe damages on Iran saffron. The second market which has a life much shorter than the first one and has been highly considered by saffron exporters is saffron processing market. Regarding multi-hundred year history of saffron in Iran, it was difficult for this market to accept Iran as a major producer of saffron in the world and the country has not been referred as a main producer. Promotion of Iran saffron has been resulted by processing technique and excellent packaging and superior quality of Iran saffron together with lower prices than other countries (Hosseini, 2009). However, participating in this turbulent market and damaging competitions has caused the fact that foreign importer is the only winner. Therefore, participation in this market requires exact and purposeful planning with emphasis on Iran saffron brand.

Investigation Goals

In this study, Iran saffron branding was evaluated using demand-supply model and strategic analyses based on strategic models with the case study of Negin Zafaran Company:

- determining weakness and strength points of supply side and demand side in Negin Zafaran Company
- determining market making strategy in Negin Zafaran Company
- Negin Zafaran branding

MATERIALS AND METHODS

Methodology

According to two natural and rationalistic approaches and two groups of methodologies resulted from them namely quantitative and qualitative methods, the present study can be placed in both of these groups. Regarding experimental and non-experimental nature of investigations, this is a descriptive survey (Bazargan *et al.*, 1998). From a general viewpoint, the present study is a field and library investigation. At first, various aspects relating to strategy determining based on Michael Porter value chain model and SWOT model according to demand-supply model were evaluated and then by means of field studies, implementation of branding and market making was explained. Since the case study in this investigation was carried out in Negin Zafaran Company, statistical population and sample size are identical. Concerning qualitative nature of the present study, it was performed based on comments and viewpoints of saffron experts and as we know, validity is a major issue in qualitative studies (Hooman, 2006). Validity of the present investigation was evaluated based on experts' comments. Concerning reliability, investigation should be reproducible. In this regard, standard qualitative methods and

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documentation process can be applied in evaluation of reliability (Hooman, 2006). This issue was considered in the present investigation since all data collection steps were based on documentation of the interviewing.

Investigational Results based on Market and Strategic Models

Porter value chain model is frequently used to estimate value added of various firms' production. In this model, important working fields in a firm are identified and classified. The model was proposed by Porter for competitive and production firms. The concepts proposed in this model can be used to categorize and identify the activities and calculate value added of each activity. Care should be taken to avoid confusion of value chain and cost determining based on activities. Value chain model help make more exact analysis about organizations that are able to create value and added value (Shahrudi, 2005). Value chain approach in analyzing intra-organization activities is an effective tool in identifying weakness and strength points and decision making about each activity. In the present study, strategy setting mechanism for branding and market making was performed using Porter value chain and SWOT models based on supply-demand model. Extracted market factors of Negin Zafarn Company based on demand-supply model for international commercial nomenclature according to SWOT are presented as follows.

Table 2: Extracted market factors based on SWOT model

Product demand side			Product supply side		
Threats		Opportunities	weakness		Strengths
Competitors' market sharing		Large demand markets	Internal and external business approaches		Local social credit
Production price fluctuations			Production capacity		sanitary of work place
Unusual distribution methods		Inexpensive labor	Sale parallelism		Financial power
Bank and currency barriers		Customer-orientation of competitors	Purposeful negotiations		Employees' commitment
Non-weighted rules	export	Customers' consumption pattern	Time and waste management		Product quality
Intermediation		Tax exemption for export	Firm structure		Customer orientation
		Product geographical climate	Intra-organizational interactions		Local and regional interactions

Supply side refers to stimuli paving the way for national and international brand strategies during market making and branding. In demand side, generation of convergence and performing strategic management in exploiting opportunities based on environmental threats. Abovementioned stimuli manifest their position concepts during investigation based on porter pattern for explaining value chain and provide facility for setting market making and branding strategies.

In investigations conducted based on Porter pattern, the main and support activities of the company were identified as follows; the figure below shows value added in value chain:

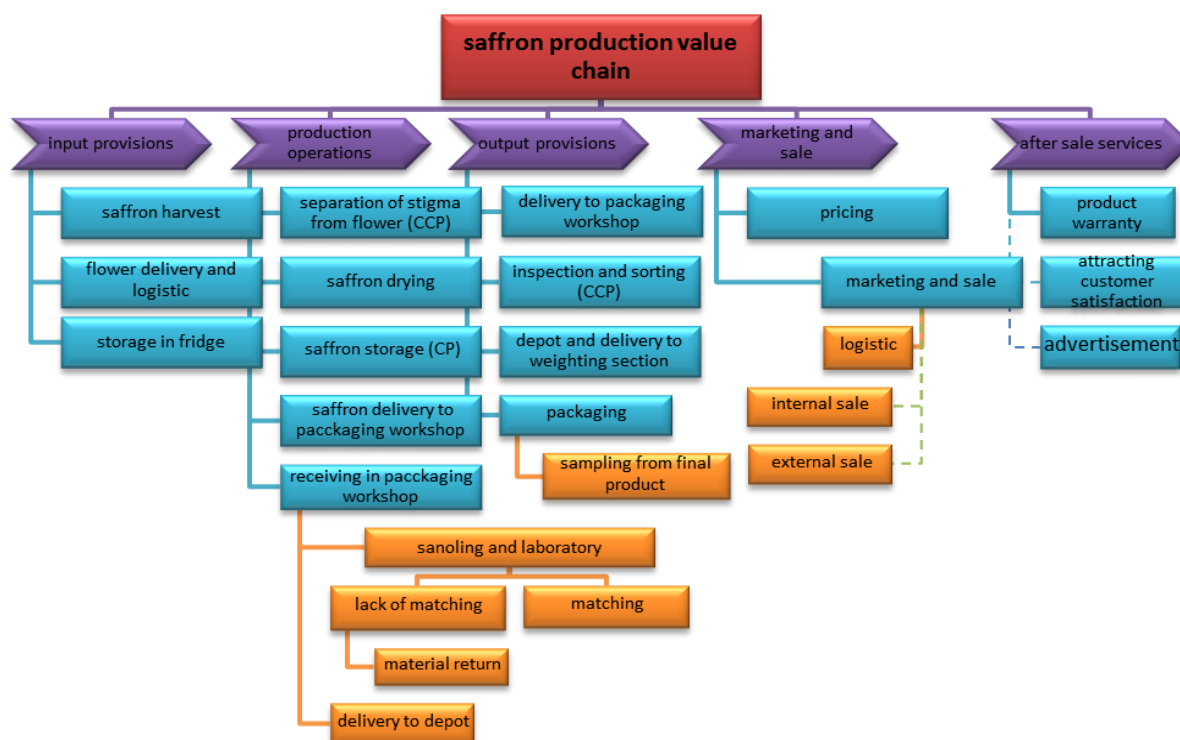


Figure 2: Value chain of saffron production in Negin Zafaran Company

Identification of main and supporting activities of Negin Zafarn Company in Porter model in accordance with SWOT model resulted in identifying key success factors (KSF) as follows:

Table 3: The major key strategic factors of Negin Zafaran based on Porter model

	Inbound logistics	Production operations	Outbound logistics	Sale marketing	After sale services
KSF main activities	Extensive market	Production	High quality	Order recording	Accountability
	Social fame and credit	standardization	product	packaging	Consumption
	Local interactions	Waste management	Time management	Customer orientation	guarantee
		On time production	On time delivery	Price engineering	Customer's voice
			Sale standardization	Banking interactions	Market convergence

Table 4: Keysupporting strategic factors of Negin Zafaran based on Porter model

	Human force	Financial services	Information technology	Market analysis and investigation
KSF supporting activities	Learning	Financial efficiency and effectiveness	Electronic commerce	Sale methods
	Employees' commitment	Financial transparency	Web-based advertisement	Supply methods
	Motivation	On time credit allocation	Virtual interactions	Delivery methods
	Internal and external interactions	Payment and commitment coordination		New markets
	Method and performance logic			Variation of products and services

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According to Porter value chain and SWOT analytical model, based on demand-supply pattern of global branding, binary analyses are offered as follows:

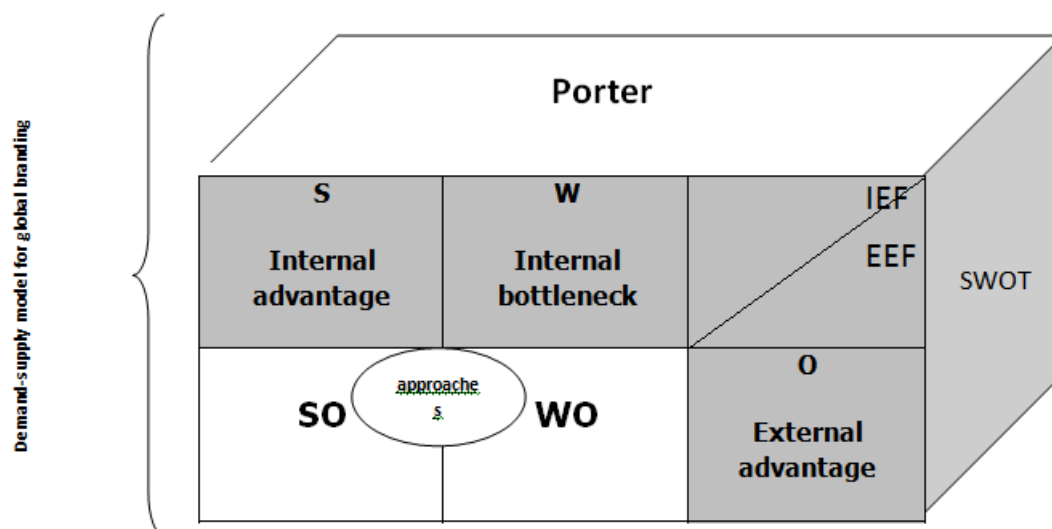


Figure 3: Demand-supply model of global branding in Negin Zafaran Company

Primary strategies, based on convergence of firm and environment stimuli and balancing supply and demand sides were obtained as follows:

Supply Side Strategies

1. Brand visualization
2. Establishment of financial and international brand networks
3. Fortifying capillary brand
4. Formation of brand NGOs
5. Development of fair services, conferences, symposiums, etc.

Demand Side Strategies

1. Strengthening social emotions for consuming high quality products
2. Providing coalition backgrounds of competitive markets
3. Analyzing product sensitivity

After finalizing branding and market making strategies in Negin Zafaran Company using combination of AHP and Parto 20.80 model, the main strategies of this company were identified as:

- Branding and market making strategies of Negin Zafaran Company:

Supply side strategies: development of company's branding NGOs

Demand side strategies: fortifying social emotions in consuming high quality products

Duty Strategies of Negin Zafaran Company

Strengthening organizational structure

Reducing waste and managing production and distribution coalitions

Fortifying information technology

Fortifying accounting and financial system

Developing human force learning and promotion

Completing production processes and its reengineering

Discussion and Conclusion

As mentioned before, the goal of present investigation was to propose a model based on strategic models for strategy configuration and standardization of Negin Zafaran brand and its compatibility with international brands. It was attempted to localize brand implementation while retaining its core nature. The advantages of the proposed model over previously standardized check lists include:

- Separation of various causal factors


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- Three dimensional combination of Porter value chain, SWOT and demand-supply model of international branding and presentation of market making strategies
- Generation of a localized structured logical network based on integration of strategic models and demand-supply model
- Individual evaluation of issues related to managerial conclusions in a semi structured manner

Like some of proposed models, the goal is to classify factors existing in saffron industry and to propose a logical and localized structure by which better understanding and more effective evaluation can be expected regarding relative interactions of the proposed structure in supply and demand sides of market making and branding in Negin Zafarn Company.

The output of the findings obtained in the present investigation can be presented as follows:

Table 5: Operational process of branding and market making based on demand-supply model

Supply		Demand
Creating and developing branding NGOs		Encouraging social emotions in consuming high quality product

As indicated by results of this investigation, it can be concluded that all components of the above model are important in local and international branding of Negin Zafaran company, however their importance levels are different.

Customer convergence is the most important issue in demand side that is considered as the start point of deriving factors of market or demand. Results showed that strengthening of social emotions in customer convergence is the most important issue in supply side of the model and development of branding NGOs at supply side is considered as the best factor for adjustment of market making and banding in Negin Zafaran Company. It should be mentioned that the proposed model is also efficient for firms that produce organic products.

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