

## BRANDSPHERE: EXPECTED VALUE VS COGNITION VALUE

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### ABSTRACT

Brand is a perceptual entity that has begun in its materialization, but is reflected into consumer perceptions so is subject to the laws of neuromarketing. The conflict that arises between consumer desires and goal producers overbridge the emotional branding. Emotional branding is based on the neuromarketing influence of amygdal on customer choice. The brand is a producers most valuable property. According to holistic marketing there are three relevant categories for building a brand: personalization, integration and internalization. Comparing modern Gobe's premise of emotional branding and brand Lindstrom's sensibility the brand is transforming into, so-called, "living organism". Since the brand with social validation is connected with consumers identity, it can be seen through the context of socially responsible marketing. Keller's principle of creating brands, among other, is based on the systematic and image that reflects the product. Consumer brandsphere is the most important category, which includes a corporation, macro-environment, distribution and competition. The market value of stamps can be understood through the context of the brand essence, or thanks to the image and brand cognition. However, the brand as a phenomenological matrix becomes a psychosocial phenomenon, because the 80% of the brand essence is based on the values of the untouchable.

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## 1. INTRODUCTION

The term brand (Bennet;1995,85) was long observed as a static segment of a product which, with its integration of image and symbol, surpasses the contemporary, postmodern understanding of brand as a phenotype. Brand, as a phenomenological matrix, is viewed through 4-D, with a special consideration of a perceptive creation. According to the 4-D model, the perceptive creation of a brand (Brand Mind Space), includes the functional, social, spiritual and mental dimensions, in which case, the the social and the mental dimensions contradict the theoretical approach, the so-called vertical marketing (Kotler & Keller; 2007). In such a disproportion, the social dimension, according to the theory of social validation (Sznajd-Weron;2005,2537-2547), leads the theory of the overall efficacy into a paradox of consumers' desires. According to the modern neuromarketing indicators (Renvoise & Morin;2005), brand reaches out beyond the definition of a product and its extended content is no more than the very essence of a product.

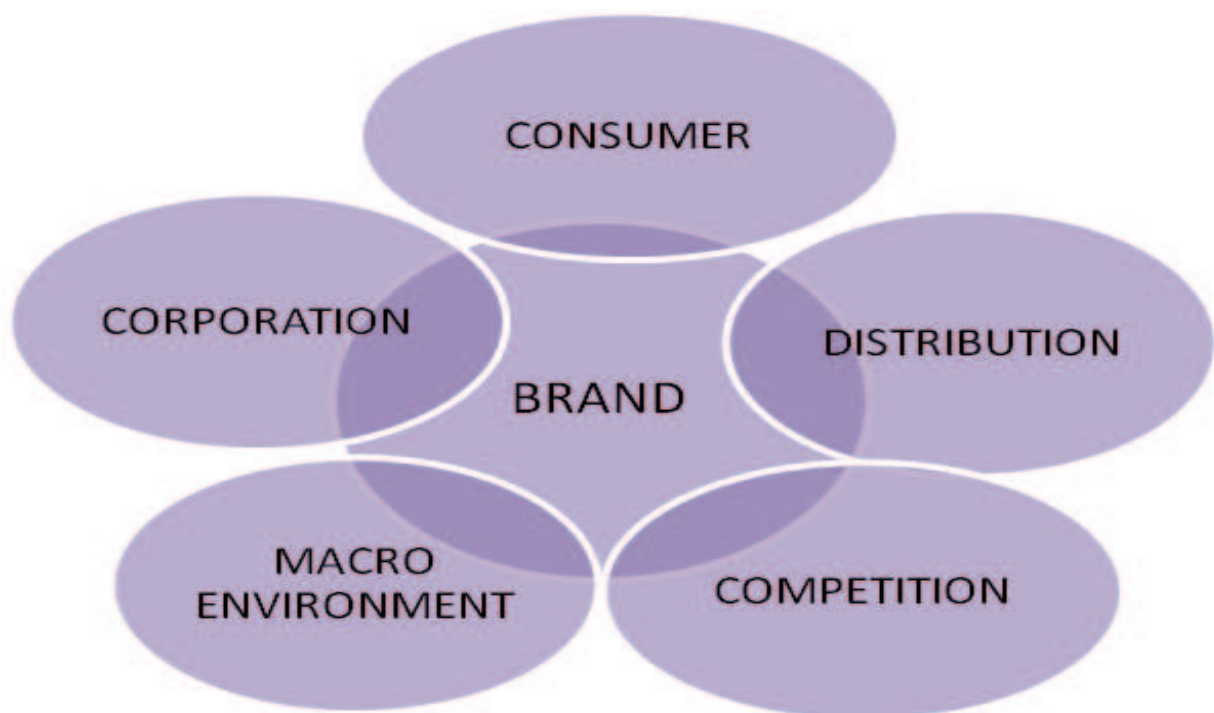
The never-ending updating on the consumers' needs is an integral part of marketing (Vranešević;2000,81). Desires differ from needs in that they are far more relevant for, it is through those desires that the neuromarketing adds the positive value to the very essence of a product. Irrespective of the Maslow's hierarchy or Murray's classification of needs, the modern marketing accentuates the importance of the expected and cognition value. The expected value, as consumers' understanding of a certain brand, is based on a dichotomy of a subjective value and a general value. However, the very comprehension as such, in a way, becomes a phenomenological category which behaves as a 'living organism'. Emotional branding (Gobe;2001) highlights consumers' sensitivity and the role of the limbic concept when choosing a brand. A brand with a firm place in consumers' conscience can play a significant role regarding the expected value.

## 2. THE FACTORS IN THE BRANDSPHERE

Brandsphere comprises five categories: distribution, corporation, macro environment, competition and consumers. Consumers are the most important category of all, since the comprehension of a brand is based on consumers' perception. Aaker mentions five factors which are crucial when we talk about brand, i.e. he especially highlights the popularity and the perceived quality (Aaker;2004). Unlike Aaker, Keller takes over the notion of brand's market value (Keller;2008) and mentions two elements : brand comprehension and brand image. The phenomenology

of a brand is, in fact, the perceptive creation of a brand which is based on the 4-D approach (Gad;2005). Brand is a dominant, emotional and symbolic category, i.e. the value (Gobe;2002), and that is what differentiates it from the classic, generic product. The decisions made in the very act of purchasing are often emotionally-based (Milas;2007,41). With this kind of shopping, consumers, actually, form a self image, and the symbolic shopping can be said to overcome the financial criterion. The purchase of a brand shows a high level of involvement on the part of the consumers, since it reflects their self-awareness, i.e. their perception.

**Picture 1.** The factors in the brandsphere



Source: the author

However, shopping out of habit is a result of communication which, consequently, influences the so-called 'added value' of a brand (Keller;2008), which, in most cases, escapes the consumers' conscience, before another brand occurs on the market. As a certain act of distancing from shopping out of habit, we recognize BMS (Brand Mind Space) which implies the strategy of positioning, and arbitrarily influences the decision-making. The correlation between the persuasion and the overall valuation of a brand does not necessarily influence the forming of an opinion about a certain brand. In the process of forming of an opinion, perception and symbolic shopping, consumers integrate their own experience and knowl-

edge concerning brands. The opinion about brands is the result of the formula combining two factors: the power of the salient beliefs and evaluating (Ajzen & Fishbein;1980).

The formula is expressed as follows:

$$S_0 = \sum_{i=1}^n u_1 v_1$$

In which case:

$S_0$  = stance toward the object,

$u_1$  = the power of belief that the object possesses a certain feature,

$v_1$  = evaluation of a feature,

$n$  = number of the salient beliefs about the object.

The multi-characteristic model combines the influence of knowledge about a product, that is, conscience about and the recognition of a brand, as well as the overall valuing of an opinion. From the model we can conclude that the two main connectors are, in fact, the power and the valuing of the salient beliefs. Brandsphere can be observed as a sum of the expected and cognition value. The expected value of a consumer is an idea about in which way will a brand fulfill the needs and desires. When talking about this matter, we have to point out that desires differ from needs in that they occur as a void in consumers' existence (Milas;2007) which needs to be filled by a certain product. Unlike fulfilling of the needs, the desires act as some sort of a driving force which adds positive values to its own existence. The void is reflected in the high level of identification with brands. So, by buying a certain brand, which come as a 'result' of a desire, consumers' expectations are met and their desires fulfilled. The expected value (Vranešević;2000,91) is an assumption made by consumers and it is the basis for their choosing of certain products.

## 2.1. The value of a brand

The evaluation of a brand can be twofold: a) the value based on a consumer and b) the financial value. Unlike the first one, which is dominated by BMS, product image, associations and popularity, the financial value includes two modules: the means of familiarization i means of trust. The familiarization means is the information about the way the corporation functions, whereas the trust means include

consumers' credibility, which is in fact a set of positive information. Based on that, the following formula can be formed:

$$F_v = \sum \frac{\Delta y}{\Delta x}$$

In which case

$F_v$  = the financial value of a brand

$\Delta y$  = means of familiarization

$\Delta x$  = means of trust

It is important to mention that familiarization means and means of trust complement each other, and thus occurs the process of the so-called accumulation, reproduction and 'creativity' (Vicari;1995). According to the resource based management (Predovic;2007), we can present the financial value of a brand. The goal of lateral marketing (Kotler & de Bes;2003) is to learn all about consumer's needs and about the valuing of a brand's influence in a consumer's subconscious. Of course, marketing wants to value and monitor the level of consumers' loyalty, i.e. the level of popularity. However, as Keller says, the value of a brand is placed in consumers' subconscious, that is, it is conditioned by PTM- the emotional component. The value is shown through the future income, so it is expressed as follows:

$$\sum_{t=1}^{\infty} \frac{FC_t}{(1+k)^t}$$

In which case

$FC_t$  = income over a period of time t

k = discount rate equal to the financial outlay

From the above mentioned, it follows that the formula for the value of a brand cannot precisely define the very phenomenon of brand and its 4-D. Of course, it is well-known that the expected value is based on the fact that the costs of a shopping/purchase decision are not based on the general well-being. It is often the case that consumers act irrationally (Meler;1999). The cognition value falls into a subjective domain, and as such, it is reflected in the unquestionable values where its influence

is the strongest. The most important segment of the unquestionable values is the influence of a brand. The first factor that influences the development of brandsphere (de Chernatorny;2006,185-222) is corporation. However, the influence of a corporation takes on paradoxical dimensions, for it is often in contradiction with management in the Republic of Croatia. It is sufficient to compare the postulates of the educational management (Staničić,2006) and the studies which confirm general happiness among the service providers (Radeka & Sorić;2006,165) in non-profit organizations. According to the survey on the happiness among employees in educational management, the number of those who consider their life standard good is extremely low (7,36%), very good (0,22%) and 70% percent is unsatisfied.

**Table 1.** Brand corporation enhancement methods

METHODS	SYMPTOMS	INDICATORS
Co-ordination	The lack of communication between employees and some departments	KM
Values	The value of the staff is does not match the value of a brand.	Herzberg's motivation
Employees' understanding	The employees do not fully understand the marketing strategy	Communication
Departments' cultures	Cultural, subcultural and the cross-cultural differences	Exploration of market
Heritage	Negligence towards traditional values	Sociological and anthropological representations
Communications	A brand develops from a potential product into an expected one	Re-designing and emotional branding
Distinctive capabilities	Non-existence of the added value of a brand	Levitt's concept
Employees' identification	Unidentified employees with a vision and brand strategy	Management of the clients' happiness
Brand citizenship behaviour	Unhappy employees with an inappropriate stance towards and a bad perception of a brand	Kaizen method, TQM
Relationships with stakeholders	The rivalry among the executives, which damages the image of a brand	Chain of values

Source: author

## 2.2. The emotional component

The paradox between satisfying the needs of both, consumers and employees is reflected in the development of brandsphere. Even though the value of a brand is expressed through the sum of, both, the value of the relation between a corporation and the current clients and the value of potential relations with potential clients, the value, mostly depends on the coefficient of the consumer loyalty. Of course, that coefficient cannot be expressed through mathematics, for it is dependent upon consumer's emotional component.

So, let us compare the values of the relations:

$$W_{\text{brand}} = W_{\text{cc}} + W_{\text{pc}}$$

In which case:

$W_{\text{brand}}$  = the value of a brand,

$W_{\text{cc}}$  = the value of current clients,

$W_{\text{pc}}$  = the value of potential clients

From these formulas concerning the financial and the relational values, we can conclude that the value of a brand cannot be encompassed with classical formulas, and, as a result, the model of emotional branding has been introduced (Gobe;2001, Lindstrom;2005, Pavlek;2008). The notion of emotional branding is a relatively new and it first appeared in the works of Aaker (Aaker;1991), Kapferer (Kapferer;2001), Gobe (Gobe;2001, Gobe;2002), Keller (Keller;2008), Gada (Gad;2005), Lindstrom (Lindstrom;2005), Kotler (Kotler & Keller;2007), and in Croatia, primarily in the works of Pavlek (Pavlek;2008), and a little less in the works of Vranešević (Vranešević;2007). Emotional branding is based on the principles of symbolic shopping, that is, on the metaphors and objects of a brand (Karpati;1988). During the process of symbolic shopping, consumers rely on the emotional criterion, i.e. they form the image about themselves, pay the price of the symbolic value. Therefore, we are talking about the shopping that includes a high level of involvement, for it reflects consumers' self image. Accordingly, we can conclude that valuing rests upon expected emotions and experiences, which would be triggered by the consumption of such a product, and the rational criterion is completely neglected. Why is it so?



In the postmodern marketing, symbolic shopping plays a significant role, but at the same time, it demands of the market to shift the focus of the expected value. So, Levitt's four-circle model is the best indicator of the modern tendencies of brands which, from the basic premise develop into expected, extended and, ultimately, into the potential ones. But, the process can also go in the opposite direction. That means that a brand can easily, from a potential premise, become extended or expected, if consumers' 'added values' (their desires) are neglected. However, shopping out of habit must not be equated with symbolic shopping. Habit is a form of a recurrent behaviour which are an inseparable part of consumers' partial or absent-minded seeking for information, and the valuing of other brands. Habit, as such, is formed through learning, and shopping through reinforcement. Symbolic shopping represents brand's metaphor. In the case of shopping with a high level of involvement, through a brand, consumers project the source of self-recognition, and therefore, the notion of 'similarity', which is, in most cases based on a label, will not be a decisive factor. In fact, differences make up the very essence of a brand (Meler; 2005,279). The other three factors that make up brandsphere (distribution, macro environment and competition) can be observed through the concept of brand identity. Namely, the concept of brand identity are based on the principles of marketing communications in a broader sense of the word. Kapferer's hexagon of brand's identity (Kapferer;2001) gives a contribution to the defining of a brand's essence and its prism. Therefore, we associate the relationship with the clients, i.e. the symbolic, emotional and the social one (Vranešević;2007,40) with a brand. Furthermore, the reflection of a brand helps to create consumers' perception and image. In fact, it is self-expression that leads to the self-acknowledgement.

### 3. THE ESSENCE OF A BRAND

Let us mention the phenomenon of consistent buying of the same brand, which is a consequence of a positive stance towards that same brand. Here, we are talking about the loyalty which is reflected through repeated purchasing of the same brand as an indicator of a connection between purchasing and satisfaction, and according to the theory of learning (Milas;2007), the more frequent the purchasing, the support is greater. The correlation between beliefs and the overall valuing of a brand does not necessarily condition the taking of a stance towards different brands. Over the process of forming a stance, perception and the symbolic shopping, consumers integrate their own experiences and the knowledge about brands. Consumers' cognitive capacity is limited, and for this reason, only some beliefs will influence the



forming of a stance. The formed, salient beliefs represent the importance of getting an insight in consumers' stances. Such salient beliefs are still, by themselves, when isolated from the symbolic and metaporic dimension of a brand, not crucial when it comes to consumers' loyalty. In other words, consumers become aware of a brand, without special efforts, at the same time shutting out cognition, and shaping metaphors passively. Therefore, when analyzing BMS, manufacturer has to consider the principles of consumers' high and low level of involvement, not taking into account the marketing efforts, because a prototypical consumer is hyperfragmented by the choice of goods (Kotler & de Bes; 2003). One of the possible ways for finding the solution is, actually, the creation of brand's awareness, for that is what accelerates the process of identification. The creation of awareness, at the same time, represents the arbitration between high and low level of involvement, because consumers will base their perception of brand solely on its popularity.

However, with the acceptance of the behavioral approach to economy, two problems occur: firstly, behaviour does not influence the free will completely. Secondly, the stimulative characteristics which come along with an appropriate reward, allude to the perception of sense and action that is unpredictable and depends on the free will. It is noteworthy that the largest number of consumers' needs and desires are never satisfied (Schiffman & Kanuk; 2004,70). Consumers' response to the entire environment is based on their perception of that same environment, and not on the objective state of affairs concerning the environment. In other words, consumers respond to their perception of a brand. The very essence of the perception is manifested in the mediating between a stimulus and cognition (Kesić; 1997,50). Buying the same brand represents the high level of involvement on the part the consumers (Rocco;2000), for it reflects consumers' perception. By analyzing the level of consumers' involvement, we indirectly evaluate and appreciate brands. In other words, perception is determined by objective stimuli, i.e., we give them a meaning based on our previous knowledge, memory, expectations, opinions and motives. From what has been said, we can conclude that the basis of perception rests upon automatism and that consumers' behaviour can be rational, emotional or combined (Meler; 2005,70).

Neuromarketing points out the relevance of the limbic concept because of the emotional component of a brand. The multiple paradigms of the limbic concept refer to the analysis of consumers' memory, emotions, olfactory and visual stimuli due to the domination of amygdala. Amygdala's influence is essential in the process of learning of the so-called 'safety signals'. The effects of these 'safety signals' in a

social-emotional behaviour will disbalance consumers' perception, and consumers will follow their emotions instead of cognition, when buying a certain product. Consumers accomplish the overall efficacy through subjective perception (Gobe; 2001). Brand goes beyond the sole definition of a product and its extended content is the very essence of a product. The decisions made in the process shopping are often based on emotions, and BMS, which implies the strategy of positioning, arbitrarily influences the decision-making. According to the principles of memory brand (Keller; 2008), the basic principle is derived from the concept of the emotional memory which represent a category of declarative memory, thus sharing many features with common, unemotional memory. Metaphoric brands have a starting point in consumers' perception. Since the very essence of a brand encompasses the 4-D model (Gad;2005), we analyze perception through the "punctum temporalis" matrix (Ponty-Merleau;1990), i.e. the observation mode. According to the consumers' psychology (Solomon et al;2006), perception integrates the process of choosing, organizing and interpreting of the incoming stimuli. Stimulus, thus, can be primary (the physical features of a product) and secondary (marketing communication). The power of marketing is placed in this observation mode, within the emotional component.

#### 4. CONCLUSION

According to the the emotional component, consumer do not always behave rationally (Meler; 2005,70). Such irrational behaviour is a result of the 'social neighbourhood' which indirectly influences their choice. The environment, thus, becomes a cyclic spiral in which we have consumers and all the cultural and socio-economic surroundings. So, the symbolism of a brand, its metaphoric dimension, is not a new concept in economics (Karpati; 1992). However, the role of the very product which is manifested in its cultural value, is a new one. Since the added values of brands (Keller;2008) are based on the psycho-social patterns, with the development of neuromarketing, manufacturers can more quickly 'identify' consumers' motives or desires. The identity of a brand, its character (Lindstrom;2005) is formed when a brand acquires its personality. If we accept the structure of the character, we get the insight into consumers' awareness, i.e., into modern consumption, which is a result of desires, and not needs of modern consumers.

The implementation of brandsphere and essence of a brand encompasses two modules: a) understanding of the factors in the brandsphere and the phenomenol-

ogy of brand, and b) observation of brand through BMS. We observe brand as a part of the added value which facilitates the differentiation. However, brand simultaneously becomes a cultural phenomenon. It influences consumers in terms of forming of opinions and organization of their lifestyles. The unquestionable values, the very essence of a brand, makes up 80% of success, and at the same time, the expenses make up 20% (De Chernatony & McDonald; 2005). Consequently, consumer loyalty is just the initial segment of brand management in brandsphere, because the dialogue between a 'living organism', i.e., a brand, leads to the evolution and 'religion' (De Chernatony;2002). Here, we are talking about neuromarketing.

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