

Investigating the impact of brand management system on Sepah Bank's performance (Case study: Branches of Sepah Bank, Iran, Isfahan City)

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Abstract: The purpose of this study is impact of brand management system (BMS) on Sepah Bank's performance which study's model is formed by strategic brand management, internal branding, brand orientation and innovation as independent variables and brand management system and performance (performance related to the customer and market performance) as dependent variables. Current methodology is applicable from purpose point of view and descriptive-field study in terms of methodology. Required data is collected using questionnaire and field method. Sample of this study consists of Sepah Bank branches' chiefs and their deputies which are selected through simple random sampling resulted in 100 collected acceptable samples. Data analysis was carried out by SPSS and LISREL software and study results show that innovation has direct effect on brand management system and also the direct impact of innovation on corporate performance was proofed, but it was identified that brand management system has no significant impact on performance.

Key words: Brand management system; Brand orientation; Internal branding; Brand strategic management; Innovation

1. Introduction

Brands can be seen as symbols which customers trust them as the time pasts. Brand management begins with thorough knowledge of the term "Brand". The science of brand management helps management to achieve corporate's goals in the context of brand by spending the most optimized form of cost. Brand management is the art of creating and retaining the brand. Brand management system (BMS) refers to various types of organizational frameworks in brand or product which is defined for managers who are responsible for executing them. Brand management includes management of tangible and intangible characteristics of brand. For product brands, product characteristics include product, price and packaging, while tangible characteristics for service brands are customer experience. Intangible characteristics also includes emotional link with product and service.

Brand management system is conceptualized as a degree of activities of building infrastructure and this conceptualizations carried out regarding 1) organization and culture related to brand, 2) learning and knowledge related to brand and 3) performance assessment systems and utilizing related brand (Lee et al, 2008). The problem that today marketing and brand managers face with is that most of their attempts for creating and retaining brand don't have applicable and accurate planning

due to unfamiliarity with brand characteristics. Brand management system is trying to present a comprehensive and applicable plan for creating, retaining and enhancing brand value. A brand name can think about success when brand managers have a correct and comprehensive understanding of value that a good brand creates for company. Now, the question is how does brand management system influence Sepah Bank's performance?

2. Research background and theoretical concepts

2.1. Brand management system

In recent years one of topics that marketing managers noticed more than before there is necessity for utilizing it in companies' marketing plans is brand management system. Although, prior research emphasize on the importance of brand management system, different definitions of brand management system were suggested. While, some authors widely defined brand management system as anything related to commercial identity, system identity or management of brand system. Others investigated the management of brand system accurately and accepted the definition of Procter and Gamble (P&G). But, generally, unfortunately the performance of brand management was not defined clearly. Unfortunately, the role of brand management system in brand performance was not defined clearly. Vanakon (2002) suggested several tools for managing brand and a checklist that brand management is performed efficiently and strong

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brands are built effectively. Aaker and Giovacimistaler (2000) and Davis and Dan (2002) emphasized the importance of building brand management system and confirmed the value of utilizing assessment system for brand performance. Nevertheless, the relationship between brand management system and brand performance is rarely assessed; especially in studies on relationship between market orientation and performance. Among those, Nobel, Siha and Kumar (2002) study is an important exception. Nobel et al. selected an aspect of brand focus and added it to market orientation theory framework. Nobel et al. (2002) considered only a national brand or private label focus, but they didn't consider other aspects of brand focus such as brand education. Lee et al. (2008) suggest a conceptual model which is consisted of brand management system in framework of relationship between performance and market orientation. Brand management system is defined as: a set of different types of systems, organizational structure or an organization's culture which supports creating brand activities. This wide and broad definition allows researchers to investigate different aspects of brand management system. Nonetheless, brand management system is different from brand building activities or more general concepts such as innovation or organizational culture. Brand management system has a close relationship with organizational culture or innovation, but it doesn't include more general types of organizational culture or innovation which have no relation to brand management. Companies like Sony and NIKE have created an organizational culture; in this culture all of areas allocated to branding processes. Given that well established brand knowledge systems or brand utilizing assessment systems significantly help improvement of brand performance. By looking at companies which have successful brand performance, we can easily anticipate the positive relationship between brand management system and brand performance. Moreover, academic experts such as general management, marketing and other scientific context experts show much attention towards branding activities. Also, organizational culture theorists support this view that there is a positive relationship between brand management system and performance. Shin (1985) showed that while changing organizational culture is very difficult, but this culture can improve goal centered activities. Companies with a well-organized brand management system which includes education, organizational culture or structure and a utilizing assessment system, perform much better than peers that have no brand management system or a poor one (Lee, 2008). Also, Kim and Lee (2007) and Lee et al. (2008) introduced the concept of brand management system. These authors defined brand management system as a set of any kind of system, organizational structure or culture of a company which supports brand building activities. Brand management system shows a way that companies

should believe in it and develop their internal brand management based on it to in long term facilitate creating powerful brands and retaining them and create distinct concept of brand building specific and organizational culture activities (Santos et al., 2013: 148). In above, some explanations explained to more understanding of brand management system. Now, topics such as brand strategic management, internal branding and brand orientation are discussed which have impact on brand management system. These concepts form brand management system.

2.2. Brand strategic management

According to the strategic framework of Keller's brand management (2003) brand benefiting stage can be classified into brand elements (name, logo, slogan and character) and brand's marketing strategies. Therefore, the ultimate challenge in standardization of branding involves decision making on following items:

- Brand position and internal values, i.e. unique and distinct values which especially are emphasized in brand position to differentiate it from its competitors;
- Visible brand elements such as name, logo, packaging, label and product design and appearance; and
- Brand subsidiaries, i.e. aspects from branding strategy which are beyond internal issues of branding and are more close to marketing general strategy, such as grantee and after sales service (Erdogmus et al., 2009).

Nevertheless, in different international markets, the range that customer reacts to firm's marketing attempts is the same and a standard marketing strategy is used and brand management solutions are more successful (Ibid, 1414). Also, in order to brands become a source of competitive advantage for firms, managers should base their strategic management on a set of fundamental elements: 1) developing marketing strategy along with creating favorable brand image, 2) planning for brand management from midterm to long term (goal setting), 3) assessing evolution of brand image and value in the market and 4) allocating required financial and human resources for brand management. Models that describe the brand building activities (Santos et al., 2013). Therefore, marketing managers should create this advantage for company using brand strategic management to turn corporate's brand to a competitive advantage in market. The next factor that influences creating an effective brand management system is the concept of internal branding which will be discussed in the next section.

2.3. Internal branding

In a service organization, brand delivery or "brand promise" often depends on employees which deliver company's core values to customer. In fact De

Chernatony (2002) claims that service personnel are the imagination of company's brand and they doing this through behavioral adaptation which supports predetermined set and common brand values. Therefore, internal branding activities in the context of relationship and offering brand promise to the customer is seen as important as external branding activities. The requisite of this relational promise is that it reflects uniqueness of company's brand to grantee goodness and virtue of brand as one of organization's competitive power sources. Unlike increasing interest in the context of internal branding, few researches have been done from employees' point of view. Focus was more on brand management and consultants' view and this issue has been seen from up-down point of view (Punjaisri and Wilson, 2010). Also, internal branding can make brand identity of employees and reflect their technical emotion, because it is about communication from employees' point of view, brand values which belong to a specific brand or specific company which creates it and differentiates it from others. Michel (2002) believes that organizations trying to achieve to employees' brand commitment need to create an emotional link with employees through which brand comes to alive for them and encourage them to align their values and behaviors with corporate's brand values and behaviors. In addition, Davis (2000) implicitly found that corporate's brand communication can divide employees' communicational educations into interpersonal communication techniques, public speech and development of soft skills. Davis (2000) explained that learning communication can improve the relationship between employees and cause better working relationship and more collaboration to achieve their common goals. Learning brand communication also can be considered as an important communication channel to improve corporate's information flow toward internal stakeholder. Some scholars suggested that creating internal branding is possible through exercising internal marketing. Investigating the researchers' suggestions about a compound of internal marketing caused capturing support of recent studies in the context of internal branding. Text below is an explanation that Mahnert and Torres (2007) present in their definition of internal marketing:

The purpose of collecting and utilizing functions and tools is formatting and retaining compatible, efficient, effective and customer oriented workforce. These goals can be achieved through communication and capturing, retaining, motivating, learning and managing proper employees. Proper employees in this context are defined as follow: those employees who are informed and committed on organization needs and needs of other employees in all levels of internal value chain (Sharma and Kamalanabhan, 2012). The last concept which interferes in creating brand management according to suggested model is brand orientation and it will be discussed.

2.4. Brand orientation

Brand orientation refers to the importance of brand as a valuable asset and also brand centers which are a marketing strategy and activities to build stronger brand. Brand orientation means that the way of thinking is a kind of organizational culture which will be a dominant role in corporate's strategy (Santos et al., 2013). Moreover, anyway for following competitive advantage in marketing design stage, attitude toward brand orientation plays an important role based on whether brand is used. Overd defines brand orientation as follows:

It is method in which organization processes are around building, developing and protecting brand which earns identity in an interaction with customer and its goal is gaining sustainable competitive advantage in the form of brands. Using brand as a start point in formulating firm's strategy, brand orientation can be a precondition so that good established brands enable to enhance firm ability to compete and also increase its growth and profitability. Therefore, brand orientation is a strategy selection which can determine competitive path of firm and has this consequence that in the long term increase corporate sustainability. References about brand orientation are twofold. First, they are normative in their nature. While a number of models have been built in favor of brand orientation understanding, but there is no implicit evidence for supporting this reasoning. Brands have been become integral part of firm's value and a strategic asset. Mosmanz who recognized the strategic importance of brand, suggests that we can see a brand as an integrated marketing idea that moves commerce. In the next stages firm should move from brand strategy to strategy based on brand which this strategy plays an important role in selecting and retaining strategic direction. This means that strategic decisions should be made by brand which is the main focus point of a firm. In fact it has been discussed before that senior management should be responsible as brand supervisor. Second, Aaker (1996) also argues that high management should give more attention toward brand and show that development of brand strategy should proceed with development of commercial strategy simultaneously. This intelligence which has been existed in developing company's plan, in marketing plan or even in advertising plan, should not harm brand equity which firm has it. Brand orientation ideology needs that enter practice arena i.e. execution of marketing. Execution of marketing is real and practical issue. This issue often regarding that how do it. Having a big strategic plan for marketing is not sufficient to success in market. Execution needs to be in its place to grantee actual achieving of considered goals. Branding as a strategic tool in marketing is not an exception rather than others in terms of execution. Brand execution should be part of branding comprehensive plan. In a study on SMEs revealed that market design and execution are severely related to each other. Proper execution of brand oriented strategy results in successful outputs. This is the brand that should be a

base for corporate's strategy. Brand oriented solution in corporate's strategy makes firm has sustainability winning rather than its competitors which result in growth and development of company (Yin wong and Merrilees, 2005). According to suggested model, the factor that impacts directly on brand management system is innovation. In the following section we will discuss these two topics.

2.5. Innovation

Today, innovation is one most important factors in survival, growth and competition of company. Also, it is claimed that in the long term innovation is the only effective way to compete in the market (Kmieciak et al., 2012). Innovation refers to the degree of freshness of product characteristics, performance and benefits. Innovation should be viewed from customer's perspective not only company's view (Boisvert, 2012). Also, innovation refers to this point that how company is ready to support new ideas, creative news and processes and therefore new products and technologies (Uzcurt, 2013). Previous research (Halt et al., 2004; Theoharakis, 2008; Hu Lee, 2008; Line et al., 2008) show that innovation has impact on performance of company's capacity with innovative orientation and consequently increasing the abilities of company to adapt with permanent customers' preferences. Also, innovation has positive impact on brand management system (Santos et al., 2013). In the marketing literature innovation is defined as intention to follow new and different items. Innovativeness and innovation has been defined differently (Hyun, 2012). However, innovativeness is generally defined as follow: the company willingness and ability to introduce innovation and innovation definition is utilizing a new product or process or improved one or a new marketing or organizational method or improved one. Thus, innovativeness is described as: "the capacity of introducing of new process, product or idea in organization" and "company's willingness to enter new ideas, new things, experience and creative processes and supporting them which result in technologic products, services or processes". The ultimate reason for companies to be innovative is that to achieve advantages such as superiority in competition and improved performance. The relationship between innovation and performance has been widely studied in large companies. Generally, empirical studies show that innovation has positive relationship with company's performance although, any direct effect has not found in some studies. It is likely that findings depend on sample characteristics, measuring innovation and measuring company's performance which used in study (Kmieciak et al., 2012). Furthermore, main obstacles in increasing the level of innovation in less innovative companies are often as follow:

- Values, culture, ethics, obsolete norms in organization members and especially managers.
 - Lack of innovative culture
 - Negative attitude toward risk and unwillingness to accept risk
 - One way understanding of innovation, while innovation often restricted by technical and technological innovations.
 - Service sector and public supervisory which are developed less than needed.
 - Low efficiency of investment in research and development and poor cooperation between public and private sectors of organization and research centers.
 - And they don't see management of entrepreneurial activities as an opportunity to development of organization (Nedelko and Potocan, 2012).
- The final topic which is related to brand management system and directly affected by it and innovation is performance which is divided into customer performance and market performance.

2.6. Customer performance

Performance includes customer oriented outcome (such as customer satisfaction, loyalty or value added perceptions) and overall business performance using economic and market indicators (sales, market share and profit). According to this study it is identified that brand management system has positive and direct impact on performance related to customer and it is result of development of strong brands. Empirical support of direct relationship between brand management system and financial performance has not been found, thus we can conclude that only customer performance has impact on financial performance. These evidences probably show that customer performance completely moderates the relationship between brand management system and financial performance which means that regardless of this point that brand management system leads to development of strong brands which improves customer performance; this system actually has not this capacity to improve firm's performance. Nonetheless, empirical evidences on how innovative culture helps superior financial performance are rare. Santos believes that innovation as an antecedent of brand management system and this is one of channels that innovation through which translates its attempts to customer performance and finally financial performance (Santos et al., 2013). Therefore, customer need in market should be met quicker and better than other existent competitors so that company can inspire market toward itself.

2.7. Market performance

While Kappon et al. (1991) notice this point that emphasizing on customer is crucial and retaining him/ her is difficult and if he/ she does not be retained, this danger threatens the company that it gives its customers to competitors. In order to avoid this it is necessary that organization research

systematically about current and future understandable customer needs. This could be done with the goal of retaining the organization and this could be happen through meeting customers' needs which enhance business values. If superior value is created for customers, maximum satisfaction of product also can be provided. Miller and Liton (2001) defined value as: the ration of perceived benefit to price and other costs. This means that during offering a product, company should be assured that product price at least fits perceived benefit of product- whereas customer's positive behavior toward company is part of outcomes. Finally, customers should be encouraged to give their comments and critics because these comments and critics cause self-assessments of activities related to market happened. Dang and Dart (1994) showed that the process of self-assessment is crucial for continuous success. For a company to offer better services rather than its competitors to market, it is necessary that information on understandable current and future customer's needs and wants to be gathered. Gonaris and Avolotitis (2001) showed that having this information, which is related in the following, is movement across company to meet customer's needs and wants. Such a strategy supports development of market oriented organizations. The requisite of effective response to market need is collaboration of all of organization's departments and coordination of them with each other (Zebal, 2011). Therefore the customer need in the market should be met quicker and better than other current competitors in the market so that company can inspire market toward itself.

2.8. Hypotheses and Proposed conceptual model

H1: Innovation has impact on brand management system.

H2: Innovation has impact on performance.
 H3: brand management system has impact on performance.

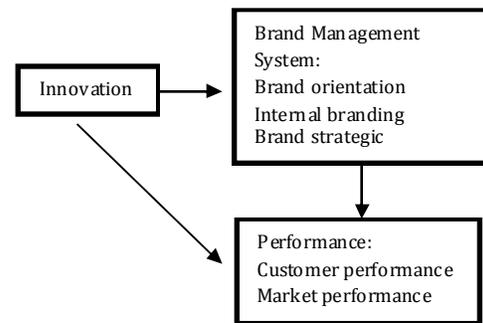


Fig. 1: Conceptual model (Santos et al., 2013)

3. Methodology

This study is applicable in terms of purpose and is a descriptive study and it is kind of correlation in terms of method of gathering information. In correlation type studies researcher attempts to identify the relationship between different variables using correlation coefficient. Since the purpose of this study is identifying the relationship between variables affected by brand management system (strategic brand management, internal branding and brand orientation) and also variables affect brand management system, this method was used. In order to collect information this study used questionnaire and also Field studies. Also, the questionnaire reliability has been carried out using Cronbach's Alpha with 30 questionnaires which its results illustrated in table.1.

Table 1: Reliability test using Cronbach's Alpha coefficient

Variables	Questions	Cronbach's alpha	Source
Brand management system (BMS)	1-14	.883	Santos et al,2013
Innovation (I)	15-19	.789	Santos et al,2013
Performance (P)	20-31	.918	Santos et al,2013
Questionnaire Total	-	.943	

4. Findings

Findings of this study were carried out through investigating measuring models of endogenous variable (innovation) and exogenous variables (brand management system and performance) with the approach of confirmatory factor analysis and confirming the relationship between variables using path analysis method by structural modeling equations and LISREL software which will discussed later.

4.1. Descriptive statistics

Table 2: Demographic characteristics

Demographic Variable	Percent	
Sex	Male	98
	Female	2
Education	Diploma	13
	Above Diploma	28
	Bachelor	51
	Masters	8
Post	Branch answerable	50
	Assistant Branch	50

4.2. Measurement models of variables

It is necessary to ensure of correctness of measurement model before entering the stage of testing hypotheses and conceptual model. Therefore, in the following, measurement models of variables

are presented in a table. Equal to observe variables measurement equations are presented. Each equation includes path coefficient between observed variable and latent, measurement error of observed

variable with significant test according t value and also R square i.e. determinant coefficient or predicted variance ratio by latent variable.

Table 3: Results of confirmatory factor analysis for variable

Hidden variables	Observed variables	Standardized coefficient	T-statistics	Coefficient of determination	Error
Innovation (I)	I1	.84	9.96	.70	.090
	I2	.72	8.08	.52	.099
	I3	.60	6.37	.36	.100
	I4	.50	5.01	.25	.100
	I5	.84	9.98	.70	.093
Brand management system (BMS)	BO	.046	-	.21	-
	IB	.60	4.03	.36	.090
	SBM	.93	4.60	.87	.095
Performance (P)	CP	.86	-	.74	-
	MP	.87	8.88	.61	.068

Regarding table 3 all of variables have t-value more than 1.96 and R² is of good value and none of items has not to be illuminated and model is investigated. Also, regarding standard coefficients we can say variables of brand management strategy (0.93), internal branding (0.60) and brand orientation (0.46) respectively have most impact in building brand management system. On the other hand variable of customer performance has most impact in building performance.

4.3. Confirmation of model

Generally in LISREL environment each of achieved indices for model are not reason for fitness of or unfitness of model alone, but also these indices together should be interpreted. For evaluating of model there are several goodness of fit indices. As you see the value of chi square to degree of freedom (DF) is 1.84 which is less than 3 and it is acceptable. Lowness of this value indicates the small difference between study's conceptual model and observed data.

Table 4: Investigating goodness of fit

Indicators	Value reported
Chi-square	57.19
Degrees of freedom	31
Chi-square to degrees of freedom	1.84
RMSEA(Root mean square error of GFI(Goodness of fit)	.072
AGFI(Adjusted goodness of fit)	.82
NFI(Fitness softened)	.95
NNFI(Not a fitness program)	.96
IFI(Increased fitness)	.97
CFI(Fitness modified)	.97

Also, the RMSEA is 0.072 which is less than 0.08. In addition to chi square the less the RMSEA, the model has better goodness of fit. Indices such as GFI, NFI, NNFI, IFI and CFI are more than 0.9 so the model has proper goodness of fit and is supported.

4.4. Structural model (Path analysis) of study

After carrying out confirmatory factor analysis, in this section with doing structural analyses we will test study's hypotheses. For testing study hypotheses structural equations were used. Study's structural model in the standard form illustrated in the following figure.

Fig. 2 shows the overall model in standard estimation. Results of estimation (the bottom part of figure) represent the goodness of model. Only in the state of standard estimation comparing observed variables predicting latent variable is possible and model in standard state represents the extent of variance related to latent variable which is predicted by observed variable. Standard coefficients of model with t-value of each path are summarized in table below.

Regarding Table 5, R² for performance estimated as 0.87 and shows that innovation and brand management system together could only describe 87% of changes in performance. Regarding the amount of standard coefficient and t-value we can say that the impact of innovation on performance is significant and brand management system had no impact

On the other hand we can say that 74% of changes in brand management system are explained by innovation.

4.5. Testing hypotheses

After evaluating and confirming the model, study hypotheses were evaluated and in this section hypotheses related to each question are tested regarding the model.

H1: innovation has impact on brand management system

According to table 5 the absolute value of t-value for path between innovation and brand management system is 4.28 which is more than 1.96 so the H0 is rejected, therefore innovation has significant impact

on brand management system and the amount of this impact is 0.86 which is positive and direct. That is, with increasing the amount of innovation, the level of brand management system also increases.

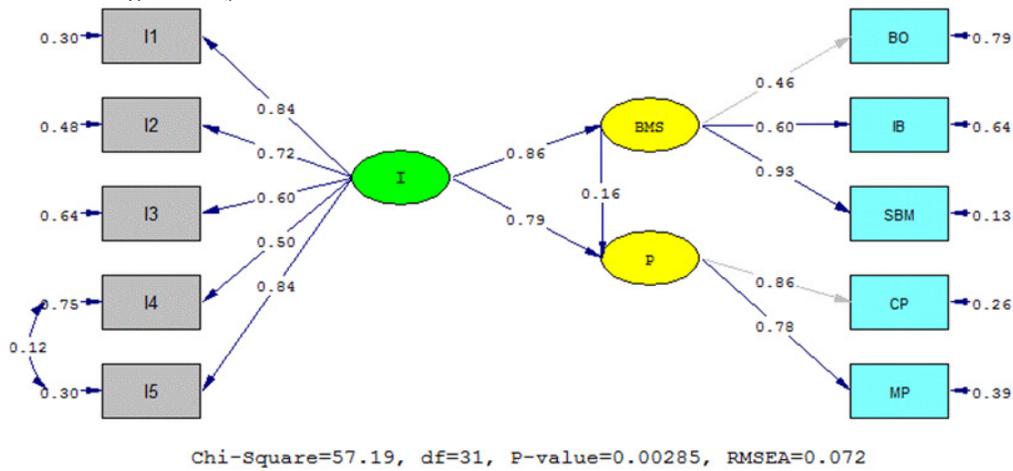


Fig. 2: Model in form of standard coefficients

Table 5: Summarize of standard coefficients, coefficient of determinant (R²), t-value and result

Routes	Standardize d coefficients	T-statistics	Coefficient of determination	Result
Innovation → Performance	.79	3.87	.87	Accept
Brand management → system Performance	.16	.79		Reject
Innovation → Brand management system	.86	4.28	.74	Accept

H2: innovation has impact on performance.

According to table 5, the absolute value of t-value for path between innovation and performance is 3.87 which is more than 1.96, so H0 is rejected, therefore innovation has significant impact on brand management system and the amount of this impact is 0.79 which is positive and direct. That is, with increasing the amount of innovation, the performance also increases.

H3: brand management system has impact on performance.

According to table 5, the absolute value of t-value for path between innovation and performance is 0.79 which is less than 1.96, so H0 is not rejected; therefore brand management system has no significant impact on performance.

5. Discussion and conclusion

Study findings are as follow:

The relationship between innovation and brand management system in this study is confirmed. That is, innovation has direct and positive impact on brand management system. So, the probability that innovation can help optimized function of brand management system is positive. Also Santos et al. (2013) and Lee et al. (2008) in their studies have achieved this positive and direct relationship.

The relationship between innovation and performance in this study like Santos et al (2013)

and Lee et al. (2008) is confirmed. So innovation influences on performance positively and directly. Thus, the probability that innovation cause improvement in organization performance (customer performance, market performance) is positive.

In the current study unlike studies carried out by Santos et al. (2013) and Lee et al. (2008) which suggested the positive and direct relationship between brand management system and innovation, there is no significant relationship between brand management system and performance (customer performance, market performance).

Given the increasing growth of powerful brands, we can conclude that for competition and creating long term competitive advantage to participate in today's markets, corporate brand management should do its best to maximize corporate brand value (Santos et al., 2013). Also, building a powerful and effective brand and enhancing it performance is one of most important factors of creating key ability and long term sustainability of company. Brand performance and brand management system is easily predictable through observing organizations with successful brand performance, but the role of brand management system in brand performance cannot be defined clearly. Nevertheless, brand management system is different from brand building activities or from more general concepts such as innovation and organizational culture. Brand management system includes building infrastructure

activities but do not directly include brand building activities. Generally, unfortunately brand management performance has not been defined clearly and also the role of brand management in brand performance has not been defined transparently (Lee et al., 2008, 848). In addition, with emergence of companies and existence of corporate marketing, the concept of corporate brand management, from the view which was more interpersonal has been moved toward solution which is more intrapersonal which leads to better understanding of brand and its role in transactions. This change in view had theoretical and empirical consequences for brand management. This changed view requires more profound understanding of personal transactions in where a corporate brand develops its meaning and performance through influencing on all of company: customers, employees, owners and people (Kernstock and Brexendorf, 2009). Brand management system is one of most important topics related in the context of management which tries to create value for brand through goal setting, planning, execution and control of designed plan for brand and then attempts to retain and enhance it. This system will able to reduce marketing costs in case of correct execution and also help marketing manager in order to planning of marketing plans. In today's commercial world and especially in the context of service which all companies do not ignore any trick to stay at the edge of competition, companies are successful that can earn an adequate place for their brand in consumers' minds, this could be happen only with organized attempts for exposing company's product to consumers and scientific marketing which this important responsibility in today's companies is on brand management. The problem that brand managers today are faced with is that most of these managers' attempts to create and retain brand are without of applicable and accurate planning due to unfamiliarity with brand characteristics. Brand management system tries to offer a comprehensive and applicable plan for creating, retaining and enhancing brand value. A brand can think of success when brand managers have a correct and complete understanding of value that a good brand creates for company. Brand management can utilize capacities using them corporate's smaller products are marketed with original brand, this made brand manager has more consultation with distributors and has better understanding of their points of view. Generally, for brand management, maybe the most positive outcome of recent activities in the context of merger and acquisition is that managers increasingly are accepting crucial benefits of brands. Finally, with utilizing brand management system, marketing department will able to create competitive advantage by reducing marketing costs and reduce corporate's marketing costs rather than competitors.

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