



Brand Management Benchmarking (BMB) for Global Arena

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Abstract

Enterprises are essentially required to change and evolve continuously and keep up with the innovations under the fierce competition, which has developed in parallel to globalization in our era. Together with the advancement of the technology, access to information has become more convenient and in a setting with diversified customer expectations, having the best practices to become a leading enterprise or face the competition has become critical. Particularly, it is vital and critical for the companies to pursue innovations on the crucial issue of brand management, accomplish the best practices, and develop their own processes. Benchmarking becomes the key in this respect. Benchmarking is also an important tool, which is defined as the comparison with the best, learning from the best and integrating those learned and into the structure, processes and culture of the enterprise, as an important tool to increase the effectiveness of strategic management. This study elucidates the structuring of brand management processes -particularly of the enterprises which are globally operating or desiring to act globally- through benchmarking, and quests for an answer to the question of what it reverberates on the organization.

Keywords: Brand Management, Benchmarking, Global, Strategic Management, Global Benchmarking

Introduction

Benchmarking is a strategic process which enables enterprises to compare their products, services and business processes against those of the competitors, and others, evaluate and adopt those best product, service, brand or business development processes in the market by means of the new communication methods and technology, and create role-models from them in accordance with their own requirements and circumstances. Even though benchmarking is mostly considered as the comparison of products, services and business processes; the comparison of brand management has also gained further importance gradually in the global market where processes and products are getting similar to each other, which is on the grounds that it is not possible to create true integrated marketing strategies without examining how brand values are created and scaled in the best practices, and how they are used in the global market, thus priming the conditions of managing the organization's own brands compared to the benchmarked brands. Creating a strong brand is a very important factor to take the front lead in the competition. In brand management, the essence of benchmarking may be considered as encouraging continuous learning and leveraging companies to high competition levels. Benchmarking practices in brand management prompt the development of strategies to boost customer satisfaction to new heights and subsequently the optimization of the work performance by attaining internal and external information and effective practical standards, and particularly by problem-solving.

Benchmarking is the identification of the "best practice" either internal or external, and its integration into the organization to maximize performance. Benchmarking is not just a comparison; it is measuring against other organizations, finding the best practices and accommodating them into the organization's own structure and processes. In this respect, the concept of benchmarking may be defined as the "adaptation of best practices" [1] It is different than copying. Benchmarking is a tool for the systematic assessment of the competitive power of

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an enterprise. As a matter of principle, it is your comparison with another organization in your own industry or in other industries. It may be exemplified with the benchmarking of a leather manufacturer on a company from the automotive industry; accordingly, the questions such as who are best, and how did they do it require answers for the issues investigated by the enterprise. The enterprises may gain a great momentum if they consider benchmarking practices in brand management particularly when these questions are answered properly and accurately, and the adaptation processes are conducted in accordance with the codes of project management.

Likewise, benchmarking provide the enterprises with standardization data. Not knowing what the standard is will hamper self-assessment of enterprises. For instance, when a customer asks "What is your average service time?", it is possible to say 5 hours in average. However, knowing your own timing is not enough *per se* to subsist in the competition. The enterprise's cognizance on the position of the average given by the enterprise with respect to the market is decisive in differentiating the enterprise against the competitors to ascertain customer's preference. Digression from standardization, thus having something not measurable forestalls demonstrating its superiority or difference. For example, if the average service time in the overall industry is between 3 and 7 hours, it shall mean that the enterprise in question serves at an average time. In contrast, if the competitors serve in 4 hours, then the customer may prefer the competitors. At this point, particularly, the importance of benchmarking brand management processes for globally-operating enterprises increases as becoming a recognized. Globally-famous brand is not a simple process. It requires correct perceptions, analysis and correct choices. Benchmarking is an expensive process in that, you may require various travels for a research about your enterprise, and require serious figures and time to analyze the environmental aspects of the organization to be benchmarked. Certain costs, in the process of adaptation of an innovation identified during benchmarking, are also natural. Nonetheless, it is not expensive at all considering its results. The process should be planned carefully. Another way of controlling costs is to carry out benchmarking in gradual steps. For example, minimizing the travel and welcoming expenses by planning them according to the objective, or acting carefully during budget periods; and acting meticulously during budgeting terms and working effectively and efficiently for the objective may reduce costs.

There are several examples of benchmarking in the world. Xerox applied successfully benchmarking between 1980-1985 in various departments, such as production, accounting, distribution, etc. related to these benchmarking projects, The company's unit production cost has been decreased 50 per cent; the number of machine malfunction has been diminished 90 per cent, the company's marketing productivity has been increased 30 per cent; the distribution channels' productivity has been increased 10 per cent and white collar workers' cost has been decreased 30 per cent. [2] On the other hand, the market share of Xerox in the printing field has been increased from 18 per cent to 80 per cent. [3]

In Turkey, Beko Elektronik, Arçelik, Eczacıbaşı Group, Benchsa (a benchmarking company established by Sabancı Holding companies: Brisa, Beksa, Kordsa, Dusa and Olmuksa) are well known companies, which have applied successfully several benchmarking projects.

According to Kornberger branding is management's weapon of choice to structure the internal functioning of organizations. [4] Creating and maintaining a new global brand is already challenging, while two fundamental strategies are considered: launching own successful local brand to the international market and expanding, or creating a global brand at the beginning. Global benchmarking is a critical and analytical element to assess the successful applications of these two fundamental strategies. The study contemplates benchmarking conceptually and through a brief literature review, and clarifies what the companies can gain with benchmarking practices in brand management.

Benchmarking Concept

Benchmarking concept is a continuously repeated process which foresees adaptation of the best practices into the circumstances, structure, objective and culture of the enterprise with the addition of creativity and without replication, by comparing the enterprise with other enterprises without discriminating industries, through realizing that learning and development are perpetual processes to ensure quality, improve processes, increase



customer satisfaction, operational performance and competitive strength by virtue of the ever-augmenting competition. [5]

Benchmarking is also the process of comparing one's business processes and performance metrics to industry bests or best practices from other companies. These dimensions typically measured are quality, time and cost. In the process of best practice benchmarking, management identifies the best firms in their industry, or in another industry where similar processes exist, and compares the results and processes of those studied (the "targets") to one's own results and processes. In this way, they learn how well the targets perform and, more importantly, the business processes that explain why these firms are successful. [6]

Benchmarking includes measuring products, services, and processes against those of organizations known to be leaders in one or more aspects of their operations. Additionally, benchmarking can help you identify areas, systems, or processes for improvements, either incremental (continuous) improvements or dramatic (business process reengineering or innovation) improvements. [7]

Benchmarking is an increasingly common management practice. [8], [9], [10], [11], [12] It remains, however, a concept loosely connected to management theory, and is the subject of disagreement between those who embrace it as a tool of performance improvement and good quality practice, and those who regard it as a fad or bandwagon. [13], [14]

According to American Productivity and Quality Center (APQC) benchmarking is a systematic process whereby a comparison of work processes and performance indicators is accomplished, in order to identify and apply best practices from the same industry or from different industries. Basically, benchmarking is a learning process which needs to be ongoing in our company's live. Benchmarking is the practice of being humble enough to admit that someone else is better at something, and being wise enough to learn how to match them and even surpass them at it. [15]

The benchmarking approach is viewed as an effective and efficient management tool in industrial companies. [16] According to Kozak [17], benchmarking allows improvement of business practices by building upon "performance comparison, gap identification and change management process". Scholars distinguish between external and internal benchmarking; the former refers to comparisons against other organizations in the industry, while the latter is concerned with comparing units and ideas within the same organization. [18], [19]

Based on all of these definitions the concept of benchmarking is the process of determining who is the very best, who sets the standard, and what that standard is.

The Purposes of Benchmarking

Benchmarking has certain purposes similar to other management techniques. These purposes may be considered as follows [20],[21],[22],[23] Help the identification of the goals and objectives of the organization,

- Identify best practices to achieve goals and objectives,
- Validate goals, objectives and practices,
- Revise and optimize the corporate culture,
- Ensure strategic management of the enterprise,
- Reveal better internal practices,
- Reduce costs,
- Motivate the employees further,
- Bolster competitive edge and corporate performance.



Benchmarking is related with processes and practices. It is also an instrument of defining the processes that require major changes. Comparison is conducted in the cases when win & win solution may be created between the enterprises which may either be competitors or not.

Types of Benchmarking

There are three primary types of benchmarking that are in use. These are process benchmarking, performance benchmarking, and strategic benchmarking. [18] Process benchmarking focuses on the day-to-day operations of the organization. It is the task of improving the way processes performed every day. Some examples of work processes that could utilize process benchmarking are the customer complaint process, the billing process, the order fulfillment process, and the recruitment process. [18]

All of these processes are in the lower levels of the organization. By making improvements at this level, performance improvements are quickly realized. This type of benchmarking results in quick improvements to the organization.

Performance benchmarking focuses on assessing competitive positions through comparing the products and services of other competitors. When dealing with performance benchmarking, organizations want to look at where their product or services are in relation to competitors on the basis of things such as reliability, quality, speed, and other product or service characteristics.

Strategic benchmarking deals with top management. It deals with long term results. Strategic benchmarking focuses on how companies compete. This form of benchmarking looks at what strategies the organizations are using to make them successful. This is the type of benchmarking technique that most Japanese firms use. [18] This is due to the fact that the Japanese focus on long term results.

Benchmarking implementations have started with strategic financial concerns. Benchmarking does not only consider financial indicators. In benchmarking, the enterprises compare their practices against the best organizations in their industry, or compare different functions of the enterprise against each other and attempt to close the performance gaps. However, financial indicators are important assessments. They should not be ignored.

Advantages of Benchmarking

The company which apply benchmarking successfully gets the following advantages: [24][25][26][27]

- a) Improving product quality
- b) Increasing sales and profits
- c) Lowering labor costs
- d) Comparing performance between product lines or business units
- e) Understanding the performance of the company relative to close competitors
- f) Holding employees more responsible for their performance
- g) Developing a standardized set of processes and metrics
- h) Providing a mindset and culture of continuous improvement
- i) Better understanding what makes a company successful
- j) Performance improvement
- k) Making detailed competitive and sector analyses
- l) Looking for the best production and selling performance continuously



Disadvantages of Benchmarking

Applying benchmarking can cause the following disadvantages [26]:

- a) The danger of complacency and arrogance due to the becoming the leader of the sector
- b) Considering benchmarking as a stable process
- c) Lack of adapting benchmarking process to the corporate culture

Problems of Applying Benchmarking

There are a lot of problems that can occur during the application process of benchmarking [28]:

- a) **Lack of top management's support:** The team which apply benchmarking in the company, needs a brilliant leader. In the case that the top management of the company does not appoint a successful leader to the benchmarking team and does not support them, the failure of the benchmarking process is inevitable.
- b) **Selection of inefficient persons to the benchmarking team:** The members of the benchmarking team should be qualified and well informed of benchmarking.
- c) **Ambiguous mission of the benchmarking team:** In the case that the mission of the benchmarking team's mission is not well defined, the team will not finalize the benchmarking process.
- d) **To give more importance to the performance output instead of benchmarking process:** The benchmarking team should focus to the benchmarking process more than the performance output.
- e) **Weak relationship between benchmarking and corporate strategies:** The top management of the company should strengthen the relationship between benchmarking and the strategic management of the company.
- f) **Lack of understanding of company's mission and targets:** In order that the benchmarking process is finalized successfully, the company's mission and targets should be completely explained to the company's employees.
- g) **Imitating instead of benchmarking:** The most important and common problem, which occur in the benchmarking process, is that the company imitates the benchmarking partner's activities instead of adapting them to the company.

Primary Financial Gains Applying Benchmarking

- a) The value of the tangible and intangible assets of the company, which applies benchmarking process successfully increases.
- b) The successful benchmarking application provides cost minimization to the company in the applied area.

The value of the company's brand, which applies benchmarking process, increases.

Conclusions

The yields of benchmarking process in the global arena for companies against further importance when the process can be realized at or above an optimal level. The main objective of the benchmarking process is to identify the dynamics of the competition between the global objectives and the enterprise, translate threats into opportunities, and identify the actual correct strategies for the enterprise.

Many successful companies with brands in the world manage their processes accurately and overcome the challenges and gain success despite the fierce competition in the global market. Becoming a global brand is a very important indicator of the proper functionality of the enterprise's communication process in terms of creating a role-model for other companies. At present, any initiative which opens a business on the Internet is actually a global arena player. Therefore, companies should choose the correct role model among the major and successful players. That's why benchmarking should be reviewed, its benefits should be exploited, and a new field of action should be created. The brand management comes into play then.



With Brand Management Benchmarking various scenarios may be developed globally and as a result, the results of alternative strategies may be tested somehow. The most suitable alternative will be leading in the identification of the actual goals and objectives of the enterprise. The alternatives which are considered negative may be identified as the areas which are not to be risked. Besides, global companies' practices may also constitute a source for the occurrence of new and different ideas. So, each benchmarking processes which is successfully completed in the company will be the machine of initiating new benchmarking processes in the global arena.

Related to the successful benchmarking in any department of the company, the company's profitability and also the company's brand awareness increase. Therefore, the market value of the company rises for the reason that the brand value is currently one of the most important factors in the company's valuation. New models for brand management benchmarking (BMB) should be built for the further studies.

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