

# The Impact of Values-Based Branding (VBB) On the Strategic Sustainability Decision of the Supply Chain Management as A Superior Competitive Advantage

Mahmoud Ahmady Ramadan

## Abstract

Nowadays, business strategy is commonly associated with sustainability. There is increasing evidence that aligning the interests of all stakeholders often leads to better (financial) results. Examining sustainability from the supply chain point of view is a common enough exercise. However it must be noted that business strategy and marketing strategy are not always one and the same thing, (Horlings, 2010).

And, In fact, the real competition today is not between companies, but between supply chains. The winning approach to supply chains is an integrated perspective that takes account of networks of relationships, sustainability and product design, as well as the logistics of procurement, distribution, and fulfillment, (Christopher 2010)

This paper looks at how VBB contribute to the whole firm's strategy and how brand planning needs to be geared as a strategic role to supply chain management's central objective of creating shareholder value. So how does a company start adding value to their SCM? Should they focus on building their corporate brand or just developing labeling for individual product or focus on operational efficiency in their supply chains and build collaborative partnerships?

**Keywords:** Branding, S SCM, Competitive Advantage, Sustainability, Sustainable branding.

## Introduction

This paper will indicate that how many SCM are hold a view of brands that is too limited. Manufacturer and retailer reputation count now more than ever. In addition to looking for trusted brand names on supermarket shelves, consumers are now flipping over packages, saying, "Who makes this brand? Did they produce this product with high environmental and social standards? (Ottma, 2011)

According to Strandberg (2009), People want to feel a connection to the companies they do business with

and they want to feel good about their choices – environmental stewardship is an increasingly persuasive motivator. Based on existing market research, over 40% of buyers have a strong preference, and are willing to pay more, for products and services from companies that use socially and environmentally responsible business practices. This is a significant market share! Communicate wisely about your environmentally responsible business to ensure that all of it doesn't go to your competitors,

Believing in sustaining competitive branding can help companies overcome these challenges by affecting practical guidance how to develop a sustainable supply chain programme based on the values and principles of the global trend as Cetinkaya( 2011 )says , It is clear that the market can

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<sup>1</sup> Corresponding Author's Email: drmahmoudramadan@aast.edu,

drmahmoudramadan@gmail.com

be opened up through raising awareness and offering an alternative to consumers, Horlings (2010) says that why Brands help to build sustained relationships with the consumers. So Cetinkaya (2011) adds that, Strong brands lend endurance and permanence to an organization and protect it from the market turbulence and uncertainties.

Although, many organizations involved in business-to-business (B2B) dealings, they fail to understand the significance of brands. They need to understand that stronger brands tend to make it more conducive for management to make capital purchase decisions, (Yap, 2006)

### **Body**

In today's environment, supply chain planning becomes obsolete as soon as it is complete because the dynamics of the market and the consumer are changing so quickly. Retailers also play an important role in making sustainable products available to consumers. Sustainability is high on their agenda and they are interested in creating shared value, (by Horlings 2010).

### **The VBB Perspective for the Sustainability**

Effective development and management of your supply chain network will cut your costs and enhance your customer value. This is a sustainable source of advantage in today's turbulent global marketplace, where demand is difficult to predict and supply chains need to be more flexible as a result, (Christopher 2010).

Sustainability is a collective term for everything to do with responsibility for the world in which we live. It is an economic, social and environmental issue. It is about consuming differently and consuming efficiently. It also means sharing between the rich and poor, and protecting the global environment, while not jeopardizing the needs of future generations (Longhurst, 2002). And he adds that, Sustainability is an issue for governments, for industry, for companies and ultimately for consumers.

Sustainability is clearly an important issue for consumers but how can companies promote and encourage sustainable consumption? (Hensley, 2002).

Initially viewed as a series of costs, the business case for sustainability is becoming increasingly apparent. By embracing the long-term strategic and competitive advantages of sustainability, businesses of all sizes find that they can have a significant impact, and at the same time meet - and exceed - their business objectives, (Strandberg, 2009). And as consulting company, they mentioned some case studies to high light the impact of the sustainability as competitive advantage as follows:

- An 11-year study of corporations by Harvard University, which emphasized stakeholder management, found socially responsible and sustainable corporations had sales growth 4 times and employment growth 8 times that of "shareholder first" companies (KPMG, The Business Case for Sustainability 2001).
- Over a 5-year period Dow Jones Groups Sustainability Index (DJGSI) performed an average of 36.1% better than did the traditional Dow Jones Group Index (World Economic Forum, 2005). "The DJSI 2008 report, affirmed a "positive strategically significant correlation between corporate sustainability and financial performance", citing that a number of its indexes have outperformed their comparative benchmarks in relation to total returns since the launch of the respective indices. The report found that sustainability strategies had a significant impact on the cost of external financing, return on invested capital, sales growth, and the fade-rate of a firm's competitive advantage." (As reported in BITC: The Value of Corporate Governance, October 2008, p. 4)
- An A.T. Kearny analysis revealed that during the current economic slowdown, companies that show a "true" commitment to sustainability appear to outperform their industry peers in the financial markets.

Strandberg (2009), explains that Sustainability is an intangible asset that has the potential to enhance corporate reputation and differentiate a brand by enhancing Reputation, or brand equity, is founded on by making values such as trust, credibility, reliability, quality and consistency and respect can build customer loyalty based on distinct values differentiating the brand from the competition purchases and will make payments in a timely manner.

As Too often, sustainability is confined to make team disconnected from business and brand strategy. The new paradigm represents a company-wide, top-down, bottom-up imperative that determines business strategy, operations and brand value, (Bemporad and Baranowski, 2008).

So, A company can use sustainability as a market differentiator and enhance its definition of 'quality,' to include human health, environmental and social responsibility attributes, to meet growing questions and concerns by stakeholders (MBDC,2010).

Thus, SCM as a branding tool includes all the connections between production and consumption centers, constitutes a vital process of conveying branded goods to the market in optimal time, at optimal cost. When the creation of a brand is related to management strategies, continuity and quality are possible by using supply chains management effectively, (Dilber and Çalipinar 2008)

There is a mutual relationship between brand and supply chains. Supply chains of well-known goods are continuous and coordinated. Intensive demands for branded goods provide an effective operation for the managers working according to the density of orders. To put it another way, for brand which have no demand problems, the system is initiate from the last part of the chain according to the demand and thus production takes place (Ula and Çalipinar, 2008).

Therefore, Sustainable Supply chain management (SSCM) often represents a critical opportunity to build an effective brand. Without effective Sustainable Brand, SCM cannot deliver on the promises made to customers which in turn lead to customer disloyalty.

Increasingly, customers want a reliable supplier with a good reputation for quality products and services. Suppliers want to sell to a customer that will return for repeat in order to share value and develop more sustainable value chain, you must create value, driven by quality, continuous innovation and specific business models creating value starts by creating delighted customers supply chains are sources of value, not of costs sharing value creates value, either operationally or in terms of reputation Creating shared value, (Horlings 2010).

How should brands communicate their sustainability principles? Should all corporate and product brands rush to advertise their social consciences? Well, they certainly need to get their values in front of consumers in more dynamic media than the corporate web-site. But brands that talk about nothing else risk being seen as "nice but dull." (Hensley, 2002).

### **Building a Values-Based Brand (VBB)**

Values-based brands are always "doing the right thing." It's a simple principle, but one that foils many brand owners because many don't take the time to know what the right thing is. It's inevitable that every brand will face some form of change, controversy, and crisis. And it's in these challenging times, that a brand's actions broadcast its values. In a marketplace hyper-focused on the next best thing, values-based brands are disciplined focused, consistent, and credible, (Dawson, 2012).

As a company is not the sole owner of its brand. It shares this ownership with its customers, partners, vendors and other stakeholders – all engaged in shaping the brand's perception in the marketplace. (Chicago Center, 2005)

The brand operates as a signaling mechanism to increase customers' confidence that the product will provide excellent quality and reliability on important functions. The history of product experiences—both successes and failures—is spread in stories and aggregates to form part of the brand culture Holt,(2003), Branding, then, is a management perspective that focuses on shaping the perceived value of the product as found in society.

It is all about creating an Image of your company that gives your customers and prospective customers' confidence in your company and products that will meet or exceed their expectations every time.

No longer can brands be differentiated on features, benefits or price. There's just too much stuff out there these days. Customers have so much choice everything is white noise. Leading brands are always differentiated by their shared values. If the values your brand represents are not aligned to the values of your customer, no amount of marketing will change their mind. And never try amending brand values to line up with the customers. (Dawson, 2012)

And according to Doyle (2002) it provides updated information as mentioned at figure one below that potentially enables improvement or correction to the goal achievement. These data should indicate where you are delivering value that is important to your customers and where you are failing to do so.

With branding for sustainability at the center of every business decision, stakeholder relationship and company action, transaction becomes transformation, marketing becomes movement and buying becomes being that can grow the bottom line and change the world.



Figure 1: The branding paradigm shift from the "what" of the commodity to the "how" of shared values

(Source: [http://www.bbmj.com/pdfs/BBMG\\_sustainability\\_whte\\_paper.pdf](http://www.bbmj.com/pdfs/BBMG_sustainability_whte_paper.pdf))

Thus Investor (2009) suggests that to build a value-based branding (VVB), the company should

- 1- Be systemic: Work systemically from the inside out. Failure to maintain production standards can hurt consumer confidence in the product. It is critical to have well-developed auditing systems and to ensure high compliance.
- 2- Be transparent: Maintain a dialogue with suppliers, customers and consumers about your products, your strategies, operational problems and success stories.
- 3- Be trustworthy: Don't underestimate the value of brand trust. Brand trust is increasingly considered essential for the successful marketing of products. Trust is fundamental to a consumer's perception of a

product. Each time a brand is recalled, consumer trust in the product is affected.

In fact ,With considering the VBB critical factor for sustainability at the center of every business decision, stakeholder relationship and company action, transaction becomes transformation, marketing becomes movement and buying becomes being that can grow the bottom line and change the world. , (Bemporad ET, 2008).

### Branding and the Customer Value Perspective

The challenge to branding management is to create effective supply chain solutions to meet the needs of the different value segments. More than likely there will be the need for multiple supply chain solutions since 'one size will not fit all

This new perspective sees the consumer not at the end of the supply chain but at its start. In effect this is the philosophical difference between supply chain management and what more properly might be called 'demand chain management'.

As one author has suggested: Managing demand chains is ... fundamentally different to managing supply chains. It requires turning the supply chain on its head, and taking the end user as the organization's point of departure and not its final destination.

In seeking to deliver significantly superior customer value the marketer must clearly define, communicate and deliver a "value proposition" which is recognized by the target market as a better proposition than that presented by competitors.

And according to Doyle (2003), Businesses often measure the wrong things about customers because the business has created the wrong perspective on its customer, such as believing a better product is better for customers, when in some cases a better price with the existing product is what the customer really values.

Customers, to varying degrees, get added value from products that lower the risks of future performance failures. So when there is risk inherent in a product, customers are usually willing to pay to reduce risk, (Holt, 2003).

Dawson (2012), also mentions that a list of things brand owners of values-based brands always do to build trusted relationships with customers:

- a) Value their purpose more than their profits
- b) Eliminate a sales first culture
- c) Focus on the things money can't buy
- d) Live their convictions rather than conform to markets
- e) Listen more and market less
- f) Elevate the quality of life for the tribe

Thus Doyle 2002 clarifies that it may require a recommitment to value or improvement in the way you create value. It may require you to change the feedback mechanisms. And update and enrich your customer value commitments by refining your customer value processes. (Doyle, 2002).

And he adds this full and deep understanding of their customers' needs and value expectations. And started to look at its information both from a segmentation and customer value perspective that the information started to tell them new things. For example, three broad customer value segments were identified:

- (1) Customers who innovate into new markets,
- (2) Customers who were in fast-growing markets, and
- (3) Customers looking to reduce costs and improve productivity in large, highly competitive markets.

### **The Benefits of VBB for SSCM**

#### ***Successful branding***

Bemporad and Baranowski 2008 ,mention that Done right, sustainable branding will lead a revolution in which companies are no longer distinguished by the "what" of new and improved commodities, but by the "how" of human relationships, shared values and common purpose as mentioned on figure one.

Successful branding allows firms to charge more for their products or to sell more at the existing price, or some combination thereof. The future stream of earnings produced by this shifting of the demand

curve attributed to branding is called brand equity. For many companies, branding has a tremendous impact on profits. Thus, brands are some of the most important assets owned by the corporation (Holt, 2003).-

Successful brand building helps sustain relationships with consumers, creating long-term sustainable competitive advantage and protecting businesses from market turbulence and uncertainties. Manufacturing processes can often be duplicated in ways that strongly held attitudes established in consumers' minds cannot. Branding and Sustainable Competitive Advantage: (MDI ,2011).

According to Doyle (2002), that Value-based marketing for bottom-line success is dynamic and continuous, driven by the fact that customers' needs and value expectations are dynamic and continuous, not static. The value ratio changes with time. Beside your customers are in a competitive battle to remain in front of the competition in your industry. Next year they need innovation from you.

#### ***VBB as competitive advantage***

Competition in today's business environment is becoming increasingly intense. While a company may be a market leader today, the status quo might change overnight. Having competitive advantage alone is not sufficient. The key determinant for prolonged growth is sustainability – the ability to maintain a competitive advantage, (Yap, 2006).

Thus it is harder to maintain a competitive edge through the product itself. Sustainable competitive advantage is the foundation of a viable brand as "Branding is identifying or creating, and then exploiting, sustainable competitive advantage, (Gossen and Gresham 2011)

#### ***Advancing sustainable practice and performance***

According to Bemporad and Baranowski, (2008), Brand is adding sustainable value to define sustainability initiatives, options, for differentiating product based on sustainable criteria, and developing systems to support sustainable brand claims. Investor, (2009) adds that Sustainability branding can open up new markets and distinguish current products, but there is not a one-size-fits-all approach.

Simply put, sustainable brands are not ends unto themselves, but empowering platforms that allow us to meet the full spectrum of our needs, make a difference in the world around us and realize our truest selves and best society.

### **Improving the SSCM value from brand perspective**

Wreden and Osborne, 2011 says that And despite the poor performance of global brands such as Sony, GM, Ford and other brands that use advertising to build their brands, it is sad, really, to hear agencies and consultants still talk about branding in terms of logos, slogans, ad campaigns, static websites and even new business cards while ignoring the role of supply chain management (SCM).

According to Doyle ,(2002 ) the modern supply chain managers need to work very closely with the marketers to improve the value so can follow five major actions , to improve by which follow effective measuring :

1. Spot gaps and "quick-hits." These are items arising from an analysis of regular and systematic measures that need to be in place to track results and performance on customer value.
2. Challenge customer understanding. Customer value needs and expectations are dynamic, not static.
3. Redefine customer value commitments. Changing customer value an expectation requires are definition of your customer value commitment.
4. Improve customer value. As value needs are fulfilled, the value ratio changes.
5. Anticipate change. Your customer value commitments result in a better understanding of future customer value needs and expectations. Your ability to anticipate these changes enhances the value of both your customer commitment and customer relationships.

These drivers provide wonderful new business opportunities and the future's successful companies will be those who are innovative and who develop novel business models, new products, new technologies and practices that will help reconcile economic growth, environmental protection and social concerns. Bringing such changes will require

the involvement of all employees across all sectors (Lardere, 2002).

Therefore according to Gartner(2012),the branding is the key is to find the right balance on both these dimension Companies that move fastest into global markets with innovative products, coupled with supply chains that are customer-driven, adaptable to change and resilient to disruption, will be the winners.

Finally, once coordinated communication is established between the brand and supply chains, the operation field of this system, namely pull system, expands. Furthermore, fast, reliable and effective nature of supply chain (SC) strengthens the brand and makes it well known. However, when there is a problem in SC, brand image is affected negatively. In the long run, (Ula and Çalipinar, 2008.)

### **Conclusion**

Branding provides to SSCM solutions focuses more on best practices and continuous improvement more opportunities for education and training constructive feedback on business processes opportunities for develop mutually –beneficial business processes and improve the profitability of your supply chain

In other word that, the emergence of a company to develop the brand value culture by focusing on more and more of customer experience and amplify the benefits of the sustainability of their SCM to gain a superior competitive advantage.

Strandberg (2009) adds, sustainability value-based branding approach can maximize Customer Loyalty by providing an opportunity to develop customers' willingness to pay increase to premium and deeper understanding of customer expectations leads to more closely targeted solutions, products, and services.

And when valued brands are high, SSCM can be stronger driver value and success for business strategy as much as for society. It will create more opportunities for continued improvement of what your company offers and your ability to successfully communicate the benefits of your products and services.

Therefore it is essential for companies to take a proactive, systemic approach and communicate their stories, and their customers' stories, frequently and

broadly. To take a proactive, systemic approach and communicate their stories, and their customers' stories, frequently and broadly.

Brand building programmes must address both the organization's internal and external stakeholders. The combination of a strong entrepreneurial spirit and a commitment to proper brand building is a very potent formula that can create powerful brands. Without having to look too far away, (Yap, 2006).

Finally in such conditions, marketing and supply chain managers must vigilantly watch over the ethics of their branding policies, assuring the activities create value rather than take advantage of customer weaknesses.

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### Author's details

Arab Academy for Science, Technology, and Maritime Transport, 23 Dr. ElSobki Street, Dokki, P.O. Box: 12311, Giza, Egypt

Office/Fax: +202 333 6 5492

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