

IMAGE COMMUNICATION AND COMPETITIVE ADVANTAGE

UDC 658.8 659

Slavomir Miletić

Faculty of Economics, University of Pristina/ Kos. Mitrovica, Serbia
slavko.m@bankerinter.net

Abstract. *The paper deals with the problems of altered forms of competitive bidding on the market that does not lead to what companies produce in their factories, but to what is added to a product from a plant in the form of advertising, packaging, advice intended for a buyer and all other things that consumers appreciate, and it is in the function of creating a sustainable competitive advantage. Further, it indicates that any commercial communication is not applied to a specific event or a message, but the image of a company communicates. A company that wants an advantage over competitors on the market has to shape the image of a product in a way to run a story about it, and it is achieved by appropriate business communication. An integrated function of public relations/advertising contributes to the overall image and reputation of a company and its products and services.*

Key Words: *Communication, image communication, competitive advantage, brand image, advertising, reputation, brand, public relations, company*

INTRODUCTION

A company that achieves greater success on the market attracts greater competition. In global market conditions, competitive struggle is not led only to what companies produce in their factories, but to what is added to a product from a plant in the form of advertising, packaging, advice intended for a buyer and everything else that customers/consumers appreciate. Besides, public relations and advertising are considered to be the key elements of communication in modern organizations, because they connect the organization not only with customers but also with the public and interested parties in various ways. If business and organizational communication are effective, whether they are internal or external character, the market and company performance will be successful. Hence, successful organizational communication can certainly be a source of company advantage on the market.

Organizations communicate their products and their image, and they are engaged in continual communication with various institutions, groups and individuals. Some of these interested parties are suppliers, customers and the government. These organizations must also communicate within their boundaries, and they should maintain adequate relationship with employees and shareholders who are also financially interested in a company. Some companies are either in the process of globalization of its business or they are already global players. Such organizations need to communicate without boundaries (which they make in practice), and it brings a different set of circumstances and problems imposed by competitors to solve.

1. ON COMPETITIVE ADVANTAGE

The question of how to transform the existing business, how to become more competitive, the best, the cheapest producer, is the central issue of business of each economic entity. The acquisition of a new advantage over competitors, and, at the same time, slowing the decline of existing benefit is the essence of the business strategy of a company [2, pp. 20].

In practice or in literature, there is, of course, no single meaning of the advantage over competitors. It is believed that the advantage over competitors is the result of a continual cyclic process. Creating and maintaining the benefits over competitors is the result of superiority in expertise and in means of production which are used in business. Superiority in expertise links to the ability and knowledge of employees ready to respond, or to their skills gained from the process within a company by which they are different from the staff of competing companies.

Superiority in means of production is the advantage gained from the investment in automated manufacturing plants, from the investment in the image of a company, or in a brand, etc. Company management should accurately define the sources of benefits (tangible and intangible), before they can be used for creating a positional advantage. A company takes a new position versus its competitors to customers by defining the matrix orientation and accurately identifying their stronger side, and then invest in its exploitation. The advantage can be achieved by giving a new value to its offer or by reducing costs. If a company has clearly identified its competence and market, it has directly opened the possibility for consumers to notice its supremacy in matters which are important to a company. This perception of superiority should result in greater market share and/or higher profits, or other tangible benefits [7, p. 33-37].

M. Porter [10, p. 152] sees the advantage over competitors as the value that a company is able to create for its customers, and it will exceed the cost of a company during its creation. In any case, the value is what a consumer is willing to pay. Numerous companies are wrong in their business when they follow the strategies based on unattainable visions, instead of keeping the basic task of strategy - to put the question: How can a particular company differ from the others? It is achieved by finding ways to give companies a unique value they can not imitate, or it cannot be processed by the others through adequate communication with the public and building brand image and reputation of a company.

2. IMAGE COMMUNICATION AND COMPETITIVE ADVANTAGE

Companies are increasingly being turned to the image and marketing in order to win a place in the minds and feelings of customers. This condition is increasingly expressive nowadays. The old marketing mantra gives advice to companies that they should strive to go beyond their competitors in some or in most of the elements that are the key for creating market advantage, and then to promote it. "Volvo is the safest car"; "Nokia is better than any other mobile phone". This approach is called *marketing benefit*, and it means that customers are more influenced by rational reasons than by emotional attraction of products. But, in today's economy, companies copy all benefits of competition until fully deleted.

Therefore, an increasing number of companies is trying to develop the image that wins feelings. A brand image attracts customers, and that is the main reason why specific relationships are established between a customer and a brand image. The durable, the ratio is valuable for a company. There are companies that are trying to sell the company's position as the Nike slogan is "Do not hesitate". Many advertising campaigns are more focused on emotions than on perception. Companies are trying to create messages that reach feelings. One of the approaches is to shape a product image by adequate advertising and communication with the public. But, this approach should not be treated separately from the fact that the use of mass media to create brand image today is not always effective and may not be the right way for their development, since today's numerous customers are constantly overwhelmed by numerous stimulus that divert their attention [1, pp. 683-684]. The importance of marketing target towards a customer is based on this, and a customer develops mutually beneficial relations by using all places where it comes to interaction [13].

2.1. Understanding advertising in context of developing reputation and brand image

Advertising is the most convincing sales message directed to a potential customer of a product or a service at the lowest price. Advertising is referred to communication which effectively and efficiently sends messages about products or services that are on the market. In essence, advertising is not only the promotion of products and services, it is much more than that.

Advertising messages include strong cultural assumptions, social values and beliefs, economy and information, and they represent the most serious problems of the society, power and influence, connection, business, ecology and many other values [1, p. 684].

A discussion of advertising and its influence never stops. On the one hand, there are people who claim that advertising adversely affects society because it promotes materialism and encourages misuse of social resources. On the other hand, there are those who argue that advertising is invaluable for the success of free-market economy. Both views assume that advertising really works. There is a view and according to it [3, p. 94] advertising does not cause long-term purchasing patterns.

Although the study does not give a complete answer to the question of what the impact of advertising is, there is no doubt it is powerful in modern society and, therefore, it should be better understood. Managers and consumers will be in a better position to respond, to use advertising and to make based decisions if they understand the way advertising works.

2.2. Advertising pros and cons

Today, advertising is considered the center of business and marketing communications. However, advertising itself incorporates positive and negative dimensions. Criticism related to advertising is established because of the claim that it [11, p. 220]:

- creates demand and false needs,
- distorts information,
- creates false models and promotes stereotypes,
- increases the cost of products and services,
- has too much power in relation to media content.

The first mentioned is a claim that the goal of advertising is, actually, to create a demand for products and services. From another point of view, the claim can be considered a positive influence. Why, then, is it considered a negative characteristic? Starting from the fact that products and services are created to meet the needs of consumers, J. K. Galbraith [14, p. 112] considers that consumers determine a demand level that controls how goods are produced or services are offered on the market. The demand affects the use of resources, destruction of environment, employment, etc. This view is called "consumer sovereignty". He further points out that advertising rotates the relationship between consumers and production. Advertising companies, through their interest, generate a demand through marketing and brand products. In other words, instead of responding to a demand, they are creating a demand now. Economic distortions are presented in the social use of resources.

The basis of Galbraith's argument is the thesis that advertising manages to create a demand. But the question is: Is it true? In order to function, there must be a mechanism by which advertising would achieve such an outcome. It is usually claimed that technology is that mechanism. Advertising with subconscious suggestion is often considered to be powerful technology. This is what is called "Secret technology that invisibly changes behaviour, directs basic attitudes and manages human motives". However, there is no evidence that advertising really subconsciously motivates buyers to make decisions that otherwise would not be done [2, p. 221].

A demand is actually created by a modern form of advertising and that is an indicator of a socioeconomic status and reputation. Ads do not provide only information about products, but they suggest that products and services enable consumers to meet current needs and desires - products can allow customers to express a status, etc. Ads are criticized because they replace "real" people by specially formed images of people in unrealistic situations, and they turn their self-concept into cartoons or even redundant goods on the market.

Advertising creates false needs, but who can answer which needs are real and which are false? Proponents of this concept argue that advertising catches people fix or it manipulates them to the extent that customers can no longer honestly choose, and therefore cannot make a deliberate decision about what their real needs are. The world is packed by carefully arranged events and designed to increase production images. False images and events are created to communicate brand images that are very concise, powerful and valuable [9, pp. 94].

Unlike the real, models become actors in such events. Their participation in such influences and carefully shaped events means that values are attributed to a model that, on

the other hand, helps in shaping the same values that the event has created. A model is not a real person, but a carefully designed image that creates false expectations and it can be achieved only by products or services which are advertised.

This can be associated with Galbraith's thesis that the creation of a demand leads to a market distorting production. By using resources, priorities are changed in order to meet created needs. So, fewer resources are left for important social needs, rather than to satisfy some other, probably false needs.

From the stated, it comes that advertising is a direct consequence of price changes of products and services. Advertising is obviously a business expense, and it must be satisfied by customers of products and services. From year to year in developed economies advertising costs are increased, and consumers should cover them as a part of selling price of products. The question is whether they really need to be engaged in expensive advertising, when simply recording information on products in a product or its packaging would give sufficient information and enable to make a based decision? [12, p. 11].

One of the key functions of advertising is to create brand loyalty and a barrier that prevents the entry of competitors on the market. However, the creation of various barriers to competitors in entering the market, may initiate the emergence of oligarchy concentrations which will be, eventually, dominated by the largest corporations. This is an example of distortion of information on the market that is based only on the economic power of advertisers.

Advertisers are willing to pay a lot of money to advertise their brands through a specific programme content of the appropriate media, and it is realistic to expect that they want control over the content.

Advertising certainly has its defenders. They believe that advertising has a positive dimension because it [11, p. 224]:

- allows the economy of large numbers and, thus, reduces costs,
- encourages companies to reveal consumer needs,
- reduces the power of large corporations,
- provides market information based on what rational consumers can make based decisions.

The concept of economies of scale implies low costs of production, which allows companies to have the best prices in their field of industry, which consequently needs to disable other companies to compete with them successfully. A company with the lowest costs of production tends to disable competitors to obtain or maintain their market share and/or to destroy the business. To achieve this, a company has to start advertising on time in order to ensure high sales as a production support which allows the economies of large scales.

Unlike the economies of scale where organizations tend to offer the best price and, thus, maintain competitive advantage, firms that produce differentiated products for the well-segmented market, take a differential strategy as a way of competition in industry. Competition on the narrow market means using mechanisms such as advertising which allows a company to say to a target audience that there are high-quality products, which can meet their specific needs. In this way, advertising of special products helps in limiting the power of large corporations that maybe have control over the mass market, standardized products and resources by which they protect their position on the market.

Those who protect the function of advertising emphasize that without advertising, a consumer/customer and the society in general would be in worse condition than they are. Advertising provides information on the basis of which consumers/ customers can make appropriate purchasing decisions. There are a plenty of information and products that a consumer is peppered on the market, and he simply does not understand and does not know what product would be the best to meet needs. Hence, a recognizable brand image is a shortcut for consumers who want a choice. The brand is known for its properties so that consumers can decide whether to buy something or not which is based on known properties. For example, there are many fast food restaurants, of which McDonald's has a strong brand image. Therefore, consumers can rely on their choice, so, they will know what food quality, hygiene and services are available. They can do all that and not to engage in an expensive and long study of fast food restaurants in any big city to which they travel. If there is a lack of brand, consumers are under greater pressure of making decisions because there is no brand information that will help them to choose.

Advertising also provides information about products and services to bidders, and they are not so easily recognizable by their brand. A consumer cannot find every product and cannot even learn all about it. A consumer bases his decision on summarized information that are packaged and presented in an effective way. Advertising should ensure a customer to progress reliable and fast from a state of existence needs to meet the same state.

2.3. Effective Advertising

Essentially successful and effective advertising is that which is directed to real consumers/customers. The first step in this direction is a careful review of the process of advertising by using the communication strategy, which is built by elements like communicators, audience, messages and channels. To be effective, it is necessary for advertising to:

- introduce customers and competitors,
- make decisions about advertising
- choose the right channels for advertising
- assess the performance of their own advertising.

Effective advertising means that a company must constantly study its customers and competitors. A company needs to know its costumers for two reasons: [11, p. 227]:

1. *first*, it will be able to assess whether its product or service meets their needs
2. *second*, it will be able to direct a message of persuade successfully and effectively to the target audience.

The answers to these questions should help company management to find out how much they know their customers and competitors in order to create an effective communication strategy. By communicator's strategy, a company should first determine the goal it wants to achieve by its advertising. Successful advertising is not directed only to a certain segment of customers, but it must be realized through communication channels to which the target audience is likely to react and addresses the most attention.

3. PUBLIC RELATIONS AND IMAGE BUILDING

Any business communication does not apply to a specific event or a message, but the image of a company communicates. In fact, advertising does not only promote a product,

but it tells about the image of a company. Working with different external groups of stakeholders, a manager has to think about the type of images that his company uses in advertising messages and the messages that are sent to the public.

Public relations can be treated as "communication management between organization and the public". Some examples of the public are [6, p. 75]:

- customers (former, current and potential) and consumers
- opinion leaders - people and institutions in the community, industry, government or in general public that can affect other people's opinion
- wide audience and the media (television, radio, newspapers, magazines)
- industry and other pressure groups (eg. The Greens, consumer associations), etc.

Public relations are concerned with two-way communication between an organization and the public in its external environment. This means that the report to the public, communication with regulators, and resolving complaints, etc, affect the corporate image, and it affects the image of products or services (Figure 1).

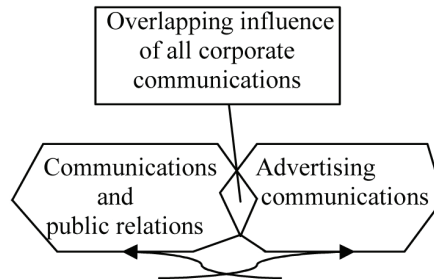


Fig. 1 Overlapping influence of public relations and advertising

An integrated function of public relations/advertising should, therefore, deal with:

- *advertising* – which includes not only products but also advertising of new jobs, cooperating member, etc. Advertising should be carefully controlled;
- *corporate communications* – include communications with suppliers, customers, regulators and competitors;
- *crisis management* – means the existence of contingency plan options that will solve different problems. The manner in which a company solves problems/responds to a crisis situation leaves lasting impression on target customers.
- *donations and sponsorship* – that can convey a clear message of social awareness of a company. Organizations must take into account that their donations leave the impression of sincerity or they will attract negative publicity.
- *community relations* – which are related to grants and sponsors, but it means more than that. A concern about the environment during a project, employment of the local population, that all belongs to the relations within community;
- *general publicity* – this can be a powerful form of positive communication for an organization. Publicity will be stronger if it comes from a third party that is considered credible and impartial, such as newspapers;

- *media relations* – this should stimulate positive impressions about a company and its products/services.
- *corporate publications* – promote an organization and reflect the desired image of a company;
- *internet sites* – these are an increasingly popular form of public relations and advertising. The Internet is used in the promotion and sale of products, and it acts as a medium through which companies can build and strengthen their corporate image and reputation.

An integrated function of public relations/advertising contributes to the overall image of a company and its products and services.

4. REPUTATION, COMMUNICATION AND COMPETITIVE ADVANTAGE

Building reputation of an organization is a function of public relations and advertising. Studies of reputation show that corporate reputation and brand reputation can bring a competitive advantage. Both of these types of reputations in management are treated as "intangible resources", because they are not easily visible. Reputation and brand image are particularly important intangible company resources.

Brand image is the entire set of perceptions, expectations and values which customers have towards a particular product/service. It is the totality of product reputation. A corporate image or reputation is a whole set of perceptions, expectations and values which customers have in relation to a specific organization. There is no doubt that brands are important. They are not only created through advertising and packaging by which they communicate with customers, but also by the corporate image.

Reputation is more than just a sale. It is the key element of an organization's ability to be placed within its environment. Companies want to maintain their reputation of honesty and fair business in joint venture and strategic alliance. It is certain that companies which cheat in their agreements cannot find partners for research, because information on how they cheat quickly spreads within the industry [4, pp. 481-510].

A subject-related elaboration of brand image and corporate reputation indicates what a competitive advantage a company can achieve if it has such intangible resources. The relationship between reputation and advantage on the market is shown in Figure 2.

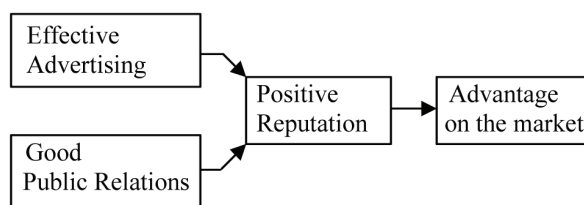


Fig. 2 The relationship between reputation and advantage on the market

Researches show that the reputation of buyers and suppliers bring additional value. Reputation is socially complex and difficult to imitate. What is unique for reputation is the fact that it is usually not shared by other competitors in industry and, it is, therefore,

rare. Moreover, nothing is harder to imitate than reputation. Reputation (whether it is a brand or a corporate image) is based on dedication, experience, trust, communication, interaction and investment. Organizations with positive reputation enjoy a market advantage which is manifested in sales, profits and relationship with suppliers, government, consumers and other stakeholders.

Companies recognize that they can find their true competitive advantage in intangible resources such as reputation. Unlike tangible resources (eg. raw materials), using something such as reputation is not limited. A consumer, tentatively, can not spend reputation. Moreover, positive reputation is increased while it is transmitted from person to person, and the larger the network, the greater the benefit [5, 140].

Intangible resources of a company, therefore, can bring significant competitive advantage. This concept can apply to business communication. Researches show that internal and external communications may be associated with a company's success. So, in 1992, General Motors (GM) started the programme of formal communications promotion. GM initially encouraged managers to study literature on communication effects. Then, GM introduced an internal newsletter, one of which was created in cooperation with the unions. They introduced regular communication audit as well. Although some results are more suggestive rather than proved causal, it should be noted that:

- sales were doubled over the next seven years, while costs decreased by about 3 per cent per year,
- the delay in the delivery of parts was almost eliminated,
- the confidence of workers in information derived from managers was increased in the next eight years, with less than 50 percent to over 80 per cent,
- the company saving as a direct result of suggestions of employees increased from 864\$ per worker at the beginning of the programme to 5,748\$ in the eighth year of project implementation.

An example of GM is supported by the research of the relevant Institute, which indicates that good business results (eg. increased productivity) of numerous companies in the west have been achieved through internal communication programmes. Good internal and external communications are the core of possible market advantages of a company.

CONCLUSION

To achieve a competitive advantage on the market, it is necessary, among everything else, to establish proper communication with the environment, and with various business partners and stakeholders. Companies, through communication advertising and public relations, communicate what they sell (offer to the market), or what they do and what they are. Public relations and advertising are the key elements of modern communication for organizations, because they, in various ways, connect organizations not only with consumers, but with wider audience and other interested parties.

Any business communication is not applied to a specific event or message, but the image of a company communicates. An integrated function of public relations/advertising contributes to the overall image of a company and its products and services. However, it is interesting that companies spend too much on advertising and too little on public relations. Advertising campaigns have the advantage under greater control than public rela-

tions. Ads are approved by a client and they will appear exactly as they are designed in paid terms.

Creating a new brand identity with the help of public relations requires more time and creativity, but, in the end, it can be more successful than advertising. A company that wants an advantage over competitors on the market has to shape the image of a product in a way to run a story about it, which is achieved by appropriate business communication. Some experts believe, that for the launch of new products on the market, it is better to start with public relations, not with advertising.

REFERENCES

1. Aaker, A. D., Kumar, V., and Day, G.S. (2007) *Marketing Research*, Ninth Edition, John Wiley & Sons, Inc., USA.
2. Day, G. S. R., and Wensley. (1988) *Assessing Advantage: A Framework for Diagnosing Competitive Superiority*, Journal of Marketing, 52(2).
3. Driver, J. C., & Foxall, G. (1994) *Advertising Policy and Practice*, add Holt Rinehart Winston, London.
4. Granovetter, M. (1985) *Economic Action and Social Structure: The Problem of Embeddedness*, American Journal of Sociology.
5. Hitt, M., Ireland, R. and Hoskinson, R. (2001) *Strategic Management: Coppelitiveness and Globalization*, South-Western, Cincinatti, OH.
6. Hunt, J., & Gruing, T. (1994) *Techniques Public Relations*, Harcourt Brace, Forth Worth, TX.
7. Kotler, P. (2007) *Kako kreirati, ovladati i dominirati tržištem*, Asse, Novi Sad.
8. Leiss, W., Kline, S., and Jhally, S. (1999) *Social Communication in Advertising: Persons, Products and Images of Well-Being*, Routledge, London.
9. Marcuse, H. (1976) *One Dimensional Man: Studies in the Ideology of Advanced Industrial Society*, Beacon Books, Boston.
10. Porter, M. E. (2007) *Konkurentska prednost*, ASEE Books, Novi Sad.
11. Rouse, M. and Rouse, S. (2007) *Poslovne komunikacije*, Masmedia, Zagreb.
12. Jefkins, F., (2003) *Oglašavanje*, Clio, Beograd.
13. www.crm-forum.com/cgi_bin/form_to_mail.cgi
14. Galbraith, J. (1967) *The New Industrial State*, Houghton Mifflin, Boston, p. 112.

KOMUNICIRANJE IMIDŽA I KONKURENTSKA PREDNOST PREDUZEĆA

Slavomir Miletić

Rad tretira problematiku izmenjenih oblika konkurentske borbe koja se na tržištu ne vodi između onoga što preduzeća proizvode u svojim fabrikama, već između onoga što pridodaju proizvodu koji izlazi iz pogona u obliku oglašavanja, pakovanja, saveta namenjenih kupcu i svega drugog što potrošači cene, a u funkciji je kreiranja održive konkurentske prednosti. Dalje se ukazuje da bilo koja poslovna komunikacija ne odnosi se samo na specifičan događaj ili poruku, nego komunicira imidž preduzeća. Preduzeće koje želi prednost nad konkurentima na tržištu mora da oblikuje imidž proizvoda na način da o njemu pokrene priču, što se postiže adekvatnim poslovnim komuniciranjem. Integrisana funkcija odnosa s javnošću/ oglašavanja doprinosi opštem imidžu i reputaciji preduzeća i njegovih proizvoda i usluga.

Ključne reči: *komunikacija, komuniciranje imidža, konkurentska prednost, imidž marke, oglašavanje, reputacija, brend, odnosi s javnošću, preduzeće.*