A STUDY ON BRAND STRATEGY, CLICKS-AND-MORTAR STRATEGY, BRAND COMMUNITY AND BRAND PERFORMANCE – AN EMPIRICAL INVESTIGATION OF SMARTPHONES

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Abstract—Development of Internet and social media had led to essential changes in marketing. iPhone redefines the meaning of phone and changes consumers’ behavior of using phones. Within 5 years, HTC developed the first Android phone and it became the most valuable brand which was ranked No.1 among the smartphone industries in Taiwan. Samsung gained the most market share for its marketing strategy and marketing resources. Xiaomi, a Chinese brand, becomes top three smartphone companies and one of the biggest electronics companies in China. The features in Xiaomi brand are high quality with a reasonable price, virtual channel only, and immense community. This article observed these phenomena as a research background. The data was analyzed by using Structural Equation Modeling (SEM) with the statistical package Analysis of Moment Structures (AMOS). The research developed the theoretical framework and investigated the significance of the relationship among brand strategy, clicks-mortar strategy, brand community and brand performance.

Keywords: Brand Strategy, Clicks-and-Mortar, Brand Community and Brand Performance.

I. INTRODUCTION
In 2007, Steve Jobs launched a product of iPhone. iPhone redefines the meaning and function of phone and changes consumers’ behavior of using phones. Within 5 years, there are a great amount of companies also launched the market of smartphones. HTC developed the first Android phone and it became the most valuable brand which was ranked No.1 among the smartphone industries in Taiwan. Samsung gained the most market share for its marketing strategy and marketing resources. Xiaomi, a Chinese brand, becomes top three smartphone companies and one of the biggest electronics companies in China. The features in Xiaomi are high quality with a reasonable price, virtual channel only, and immense community. According to IDC and Goldman Sachs, total value of internet of things (IOT) will exceed NT$200,000 billion. The Internet is an important focus for marketers. Thus, smartphone will be the most crucial media to connect all sources to internet. IOT is an advantage to Taiwanese smartphones brand. It’s a
great chance for them to get market share and become more profitable.

II. LITERATURE REVIEWS

Brands often provide the essential points of differentiation between competitive offerings, and as such they can be critical to the success of companies. Aaker (1996) argues that a brand serves to differentiate the product from its competition by means of a set of consumer perceptions.

**Brand strategy** Company’s brand strategy is related to the product elements chosen which company applied on its selling products. Firms that are able to achieve brand resonance should reap a host of benefits (Keller 2001). With the new channel of Internet, it did bring more valuable to the company’s product offerings and to reach the minds and hearts of certain target customers as well as create special emotional connections with them. As the brand might be the most powerful asset of a company (Davis & Dunn, 2002), it is crucial to identify the function of brand, brand image and experience brand with brand strategies. Laforet and Saunders (1999) have identified certain determinants of brand portfolio. First, individual product branding; where each product within the portfolio has been given its own unique brand name. This special status could facilitate positioning process which means all products could be positioned differently without making trade-offs. Second, corporate branding; where the corporate name is used on all products and services to rationalize market spending and to increase both cross selling relationship and have developed a complex brand portfolio structure which consists of a hybrid options (Aaker and Joachimsthaler, 2000). Third, dual brand is more or less equivalent combinations of two different brands. A dual brand can be two brands of the same company in which one represents provenience and the other a product capacity. Forth, Sub-brands tend to be used to specify the capacity of one or more products from the total product range under the main brand. It is always related to something else-main brand or master brand- and determining the nature of that relationship as a critical factor in brand architecture strategy. Most desirable is a master brand that encompasses a large number of sub-brands. Fifth, endorsement brand, in the introduction phase of a new brand, the endorsement brand is strongly emphasized until the new brand is strong enough to stand on its own. Kotler (2000) classified the brand strategies into five strategies, which comprise the extension of product line, brand extension, multiple brands, new brand, and co-branding etc.

**Clicks-mortar strategy** American Market Association define a marketing channel which is consists of an internal organization and a number of actors or external intermediaries of agents, dealers, wholesalers and retailers. Through the marketing channels, the product and service are provided completely. The selection of an appropriate marketing channel system becomes of vital importance for the presence or absence of dependence in the marketing channel (Magee, 1960; Steudel and Desruelle, 1992). In conventional marketing channels, subsequent sages in the assembly and distribution of commodities are connected by a market. The coordination among channel members is primarily achieved through bargaining and negotiation. The actors tend to be preoccupied with volume, costs and investments in a single stage of the marketing process (Stern and El-Ansary, 1992) Marketers have to assume a distinct value proposition, fully understand consumer behavior and reinvent the shopping experience in order to enhance customer satisfaction and loyalty (Haynes and Taylor 2006; Wolfinbarger and Gilly 2001) clicks-and-mortar run business online and offline, developing a multi-channel approach as retailers augment their land-based business through the offer of a wider product selection on the Web (Min and Wolfinbarger 2005) These are commonly named clicks-and-mortar or clicks-and-bricks stores.

**Brand community** Muniz and O’Guinn (2000) defined “brand communities” as a specialized, nongeographically bound community, based on a structured set of social relationships among users of a brand. They describe it as “shared consciousness, rituals, traditions, and a sense of moral responsibility. Therefore, people may organize into these communities to share their experiences of a particular brand or product (Casaló, Favián and Guinalíu 2008). Conversely, consumers in an identifiable brand community represent a cohesive group that reflects the brand’s values. McAlexander, Schouten and Koenig (2002) indicates, for example, that consumer interaction with a product or service, especially in personally challenging or meaningful situations, can lead to extraordinary and even transcendent
experiences. “Brand community” is also the term social scientists use to describe like-minded consumers who identify with a particular brand and share significant traits. The core components of brand community as conceptualized by Muniz and O’Guinn (2001) are consciousness of kind; shared rituals, traditions and symbols; and moral responsibility. McAlexander et al. (2002) have conceptualized and empirically tested a more comprehensive model of brand community, which they characterize as a web of relationships that connect customers to a brand and, under its umbrella, to its products and services, its associated institution, and its other customers. (Fig. 1)

**Brand Performance** In Keller (2001) study, customer-based brand performance is established to build strong brand and formed the brand ladder. The product itself is at the heart of brand equity, as it is the primary influence of what consumers experience with a brand, what they hear about a brand from others, and what the firm can tell customers about the brand in their communications. Designing and delivering a product that fully satisfies consumer needs and wants is a prerequisite for successful marketing, regardless of whether the product is a tangible good, service, or organization. To create brand loyalty and resonance, consumer’s experiences with the product must at least meet, if not actually surpass, their expectation. Most studies have shown that high quality brands tend to perform better financially, for example, yielding higher returns on investment (ROI). Brand performance also refers to the intrinsic properties of the brand in terms of inherent product or service characteristics. The specific performance attributes and benefit that constitute functionality will vary widely by category.

### III. The Model

In this research, we investigated the significance of the relationship among brand strategy, clicks-mortar strategy, brand community and brand performance. The investigation results are expected to apply to the smartphones industry. (Fig. 2)

![Fig. 1 Brand Community](McAlexander et al., 2002)

**Brand Performance**

Based upon research objective and literature review and the above suggested Model, The study will test the following hypotheses:

H1. The more complete the integration of the brand strategy, the higher profit of clicks-and-mortar it has

H2. The more complete the integration of the brand strategy, the easier the high identity of brand community is formed

H3. The integration of the brand strategy increase, the better the brand performance

H4. The higher the integration of brand community, the better the brand performance

H5. The higher the brand community, the better the brand performance

### V. METHODOLOGY

The data was analyzed by Structural Equation Modeling (SEM) with the statistical package Analysis of Moment Structures (AMOS). We employed the questionnaires as a tool for data collection. The data was surveyed online. We collected 300 questionnaires and excluded 42 questionnaires for missing data.

**Measurement** We use SEM to testing hypotheses about relations among observed and latent variables. With confirmatory factor analysis (CFA), the exogenous and endogenous latent variables are reach significant level (t-value>1.96 , P<0.05). This model
achieved excellent goodness-of-fit values: comparative fit index (CFI) = .96; root mean square error of approximation (RMSEA) = .045; AGFI=.929; GFI=.96; NFI=.961; All indicator reliabilities were above .7; \( \chi^2/df = 1.525 \).

VI. RESULTS

It has been suggested that brand strategy should be strategic and holistic, as this is conducive to longevity. Our result had showed the significance of the relationship among brand strategy, clicks-mortal strategy, brand community and brand performance. The correlation coefficient (Pearson) is all above .43 which is in significant level. (p<0.05 , p < 0.01)

VII. SUMMARY DISCUSSION AND CONCLUSIONS

The limitations of this study did not consider the culture and geographic difference. The nations which provided less electronic equipment could have difficult to use smartphones. Besides, the most proportion of our sample data’s age is under 30 years old. This might cause some bias results so that we need to further explore the different needs in distinguished target consumers. Brand management should be implemented as long-term assets is not new (Dean, 1966), but getting stronger and more widespread. The internet world change the way people think and behavior, and the value of product had been changed by different innovation. Wood (1995) argued that the management of brands should be a higher level function than currently exists in many companies. Douglas (2009) mentioned that brand is just a vague marker without history. How to create brand history? Brand community and clicks-and-mortar could be helpful to them. With completed brand strategy, it definitely will promote the clicks-and-mortar integrated, brand community and brand performance. Smartphones are not just phones, they are deeply living in our daily life day and night.

REFERENCES


