

BRAND AND ITS COMPETITIVE POTENTIAL IN THE POLISH JEWELRY MARKET

INTRODUCTION

Many phenomena which occur in the modern economy promote the growing importance of brand in creating the value of a company. Despite its intangible nature, brand is capable of generating up to 70% of company's profit. In the present paper the question of brand is regarded in terms of possibilities of utilizing brand's competitive potential in building company's competitiveness. The research endeavors to provide a clear and compelling empirical demonstration of brand's competitive potential creation based on the practices of Polish jewelry brands. Among the fundamental objectives of the study the following ones can be identified:

- presentation of brand's structure,
- identification of functions performed by brand,
- specification of the phenomena responsible for the increasing role of brand in building and sustaining company's competitive advantage,
- review of possibilities of using brand equity at the strategic level,
- introduction of the brand's competitive potential framework,
- measurement of competitive potential of Polish jewelry brands.

1. THE IMPORTANCE OF BRAND EQUITY IN CREATING THE VALUE OF A COMPANY

1.1. THE CONCEPT OF BRAND

A key premise behind the increasing role of intangible assets in creating value of a company is the difference between the market value of an organization and the book value of its net assets [Suszyński 2007, p. 323]. If managed effectively, intangible assets make up from 50% to 90% of the value of business depending on the profile of the industry [Dzinkowska 2000, p. 32]. For this reason, investments in tangible assets are increasingly being replaced by investments in intangible assets [Skrzypek 2003, p. 64]. Recent studies indicate that, among all off-balance sheet resources, it is the brand that needs to be given the most attention [Urbanek 2008, p. 45].

To provide a clear definition of what brand stands for, it is reasonable to make the distinction between two terms: 'product' and 'brand'. Product (including service) is a concept which relates to the physical form, physical parameters, characteristics, weight, performance, dimensions, color, composition of raw materials, technical parameters, technological standards [Altkorn 1996, p. 11]. Both products and services change over time as market conditions and customer preferences evolve. The concept of brand goes beyond the traditional meaning of the term 'product' [Table 1].

Generic products operate primarily on functional level whereas brands provide customers mostly with emotional benefits [Patkowski 2010, p. 15]. Hence, if regarded as a phenomenon, brand is characterized by significant durability and stability [Patkowski 2010, p. 12]. What makes it continuous is not only its inimitable identity but also the unique process of its creation. Indeed, researchers see brand as a result of an ongoing process of communication between an organization and its target group. They emphasize that the *current* view of the customers about a *brand* (*brand image*) is derived from company's long-term actions. This statement is of particular importance when it comes to products with short life cycles. Since technological superiority is lost rapidly, brands start to act as timeless symbols of companies.

Table 1. Semantic range of the term 'brand'

Author	Semantic range in ascending order	Concept of brand
Legal acts Kotler Ph.	I (trademark)	Any word, name, symbol, or design, or any combination thereof, used in commerce to identify and distinguish the goods of one manufacturer or seller from those of another and to indicate the source of the goods
Patkowski P.	II	I + brand is a mechanism which creates value for its owner by affecting the current and future sales and therefore has an impact on company's position in the market
Altkorn J.	III	II + brand is a main source of emotional value for which customers are willing to pay a premium price
Urbanek G.	IV	III + brand is a tool which, if managed efficiently, provides its users with economic benefits
Kall J.	V	IV + brand is a phenomenon which occurs on economic, social and cultural levels. For this reason strong brands enable companies to acquire groups of loyal customers and thus achieve a leading position in the market

Source: Kotler 1999, p. 410; Patkowski 2010, p. 18; Altkorn 1999, p. 12; Urbanek 2008, p. 46; Kall 2001, p. 12.

1.2. FOUR LEVELS OF BRAND

It is possible to present the structure of brand using Levitt's total product concept (Figure 1).

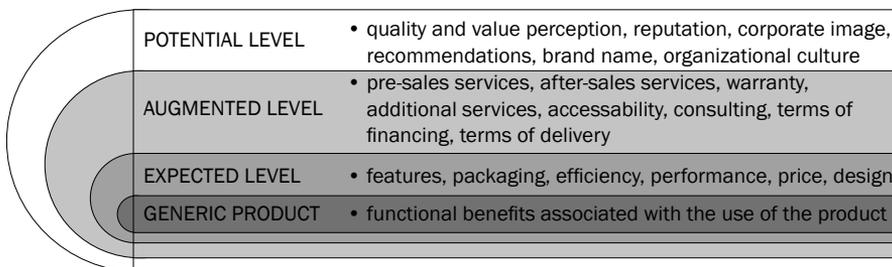


Figure 1. Four levels of brand

Source: De Chernatony et al. 2008, pp. 15–21; Patkowski 2010, pp. 23–28.

The first level of brand is constituted by the physical product. It acts as the core of brand and provides customers with functional benefits. Since competition between companies is increasing rapidly, it is difficult to identify brands which base their identity solely at generic level [Haig 2004, p. 245]. Examples include brands of unique products covered by legal protection, drugs without any counterparts and products in the early stages of life cycles. It should be noted that in the digital age it is no longer a problem to copy unique technology and imitate a product. Hence the authors of the model see generic product as a minor part of brand. The second level of brand is composed of elements that determine the way in which a brand is perceived by the environment. In most cases, these are important criteria used by customers while selecting brands [Batra, Ahuvia, Bagozzi 2012, p. 3]. Although at the expected level of brand focus is given mostly to rational characteristics, numbers of brands complement them with emotional benefits in order to create a unique identity (e.g. Alfa Romeo). Next level, known as augmented, consists of elements responsible for adding extra value to the offer. Increasingly now third level of brand becomes a real field of competition [Edwards 2006, p. 194]. For example, seven-year car warranty has successfully differentiated Kia from its competitors. Finally, brand's structure is completed by the potential level. It comprises of emotional components which are firmly rooted in the minds of consumers. According to the model, they are considered to be the only source of inimitable competitive advantage. It is worth mentioning that the perception of potential benefits depends strongly on the experience gained in previous layers. Unlike attributes that form lower levels, the fourth layer components are far less sensitive to short-term changes within the same brand.

1.3. FUNCTIONS PERFORMED BY BRAND

A broad understanding of the concept of brand makes it possible to understand the power of branding. There is no doubt that it has its origins in the variety of functions performed by brand [Taylor, Nichols 2010, pp. 112–114].

Since brand provides range of shareholders with various benefits, it is considered to be an important source of business value [Fehle, Fournier, Madden 2006, p. 224]. Without a doubt, strong brand contributes to the growth of operating revenues thus affecting organization's financial condition [Urbanek 2008, p. 156]. Benefits generated by brand appear to cause an increase in value and frequency of cash flows. Moreover, they tend to ensure the stability of financial streams which, in turn, translates into increased value for shareholders (Figure 2).

Table 2. Functions of branding

Identifying	highlighting features of the product (e.g. Volvo), exposing functional and emotional benefits provided by the product (e.g. BMW), distinguishing the value desired by a particular category of buyers (e.g. Ariel), suggesting personality of product's user (e.g. Marlboro), representing characteristics of organizational and/or national culture (e.g. Lindt)
Informing	providing direct or indirect information about the manufacturer, the distributor and the country or region of origin
Promoting	creating positive associations with the product and thus shaping company's image
Ensuring quality	guaranteeing constant level of expected performance

Source: Altkorn 1999, pp. 14–16; Kotler 1999, p. 413; Batra, Ahuvia, Bagozzi 2012, p. 4; Stahl et al. 2012, p. 49.

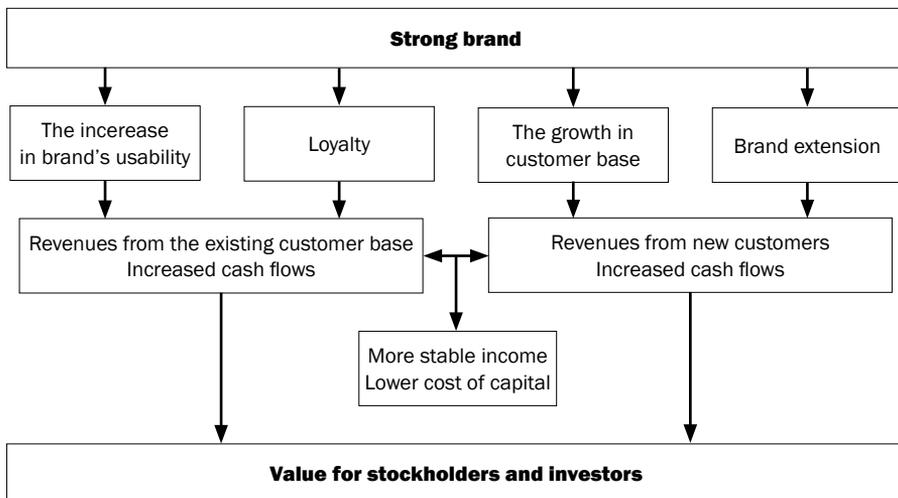


Figure 2. Brand as a determinant of shareholder value

Source: own elaboration.

In an effort to maximize shareholder value, special attention is given to these tasks of brand which are highly important in terms of industry profile [Stahl et al. 2012, pp. 49–50]. For example, identifying and promoting brand identity is seen to be a key to succeed in the consumer and luxury goods market whereas informing and ensuring quality is particularly important in the case of intermediate goods. Hence the specificity of the industry determines the extent to which one brand is capable of creating the market value of a business (Table 3).

Table 3. Brand's contribution to the market capitalization of a company

Brand	The share of brand's value (%) in company's market capitalization	The value of brand in 2002 (\$ bn)
McDonald's	71	26.4
Disney	68	29.3
Coca-Cola	51	69.6
Nokia	51	30.0
Mercedes-Benz	47	21.0
IBM	39	51.2
Intel	22	30.9
Microsoft	21	64.1
Marlboro	20	24.2

Source: Interbrand 2012/JPMorgan 2002.

2. BRAND AS A SOURCE OF COMPETITIVE ADVANTAGE

2.1. DRIVING FORCES BEHIND STRATEGIC BRANDING

Modern economy is rich in phenomena that trigger the growing importance of brand in creating the competitiveness of business. These include [Patkowski 2010, pp. 7; Kall 2001, pp. 72–90, 258–290]:

- extremely intense competitive rivalry in the market, e.g. mobile network providers;
- mass customization, e.g. fashion;
- shortening product life cycles, e.g. mobile devices;
- changes in patterns of consumption and/or purchasing power, e.g. no-frills airlines;
- globalization, e.g. fast food chains.

As the business environment is becoming more and more diverse and unstable, brand is beginning to serve not only as a powerful marketing tool but also as a unique organizational resource.¹ Most importantly, it efficiently differentiates and positions company in the marketplace and thereby provides it with an inimitable competitive advantage [Clark 2004, p. 83]. This implies significant changes in the field of brand asset management. What the owners of the most powerful brands are experiencing now is the shift

¹ See: Value Based Management.

from operational to strategic brand asset management. Major changes concern the level of brand management (incl. time horizon, position of brand manager, objectives), its scope (incl. brand structure, numbers of brand) and the impact of external forces.

2.2. BRAND IN PORTER'S GENERIC STRATEGIES

According to M. Porter's theory, in order to gain the edge over competitors, companies need to choose one of the following strategies: cost leadership, differentiation, focus [Porter 2008, pp. 13–17]. Strategic implications of this choice are of huge importance for brand equity management.

Cost leadership

All activities here are aimed at increasing brand market share [Patkowski 2010, p. 79]. The reason for this is the fact that only if a particular brand is recognizable on a mass scale, a company can take advantage of economies of scale, learning curve effect and capital-labor substitution [Gierszewska, Romanowska 1994, pp. 104–105; Patkowski 2010, pp. 78–79]. Hence, when following cost leadership strategy, expanding brand awareness becomes a priority. At the same time expenses related to the creation of brand assets are reduced to a minimum [Domański 2005, p. 11]. In this case brand awareness is built mainly by ensuring brand availability in diverse distribution channels. Advertising is utilized to a lesser extent since emotional benefits are almost not present. It is worth mentioning that while offering a product at the lowest cost, the image of a brand is burdened with numbers of risks associated with the increase in the prices of materials, technological changes, the emergence of similar manufacturing methods or lower-priced substitutes [Patkowski 2010, p. 79]. Therefore cost leadership is achieved only when all elements of an organization and its environment are effectively coordinated.

Differentiation

In order to compete successfully, a company has to differentiate its offer in some way [Porter 2008, p. 14]. The most commonly utilized points of differentiation are product quality, design or after-sale service. On the ground of brand theory, these are the substantial components of several brand's layers. Three major conditions must be met to achieve market leadership with differentiation strategy [Farhana 2012, pp. 225–230]. Firstly, customers need to be able to notice and appreciate the unique brand identity easily. It is a key to success for manufacturers or service providers whose products are so similar at the rational level to those offered

by competitors that the emotions delivered by brand are the only source of differentiation. Secondly, the strategy has to provide a company with economic benefits. For example, differentiating products such as fruit or vegetables is going to be far less effective than in the case of luxury goods. Finally, a company must be protected from price and cost competition in the long run. If all of the above requirements are met, differentiation strategy seems to be highly profitable. However, it may be also exposed to several risks. First of all, it is not always possible to create unique brand identity and, at the same time, gain significant market share. It is also the case that the product differentiation may not be visible enough. What is more, customers might not be willing to pay extra money for the unique feature. In this situation they will probably go for private labels which imitate 'differentiated' products perfectly while keeping the manufacturing cost low.

Focus

The choice of focus strategy implies the fact that strategic operations are aimed at the specific group of buyers, the selected product segment or geographical area [Porter 2008, p. 15]. What makes this strategy different from the two mentioned earlier is its narrow scope. The objective is to offer brand that provide its customers with benefits that are fully tailored to their needs and expectations. Basically, it can be achieved in two ways. The first one relates to the cost leadership within a particular segment of the market whereas the second one – to the industry leadership achieved by product differentiation within a particular segment of the market. They are both aimed at positioning brands on the basis of differences that occur between the industry as a whole and the given segment of the market [Mallik 2009, p. 256]. In this case, the brand needs to be capable of meeting the needs and expectations of the target group with methods that are completely different from those used by competitors. It is also crucial to emphasize the unique nature of the relationship between the brand and the selected segment of the market [Gambetti, Graffigna, Biraghi 2012, pp. 668]. In terms of decision making, the level of profitability needs to be considered since the most effective uses of focus strategy tend to be associated with brands which are almost invulnerable to substitution [Porter 2008, p. 55]. Even though the strategy does not require actions on a mass scale, it is still risky. Firstly, it is almost impossible for a company to gain leadership in the whole industry. Secondly, the differences between market segments may be not that important for end users thus making it impossible to differentiate a brand within the industry. What is more, the differentiation might quickly become obsolete. One should not forget that brands which serve narrow segments of the market must 'work' much harder than those that operate on

a larger scale in order to achieve competitive advantage [Meyers, Gerstman 2002, p. 45].

In short, the choice of competitive strategy has significant implications for brand management.

2.3. STRONG BRAND AS A BARRIER FOR COMPETITORS

In theory, brand strength represents the barriers that must be overcome by competitors in order to own a strong position in the market [Urbanek 2008, p. 48]. In practice it provides estimations of both the probability and the value of future cash flows. Systematic analysis of brand strength index results in [Urbanek 2008, p. 50]:

- the assessment of the effectiveness of activities undertaken by the organization in the field of brand equity creation;
- the comparison of brand strength index and its constituent elements within the industry, which, in turn, makes it possible to determine the relative competitive position of the brand;
- the current valuation of the brand based on the income approach;
- the increase in brand credibility since relevant information is revealed for external reporting.

It should be emphasized that brand strength index serves as the determinant of brand's competitive potential [Urbanek 2008, p. 48].

There is no agreement between researchers as to what elements make brand strong. However, the evaluation criteria shown in the Figure 3 are widely recognized.

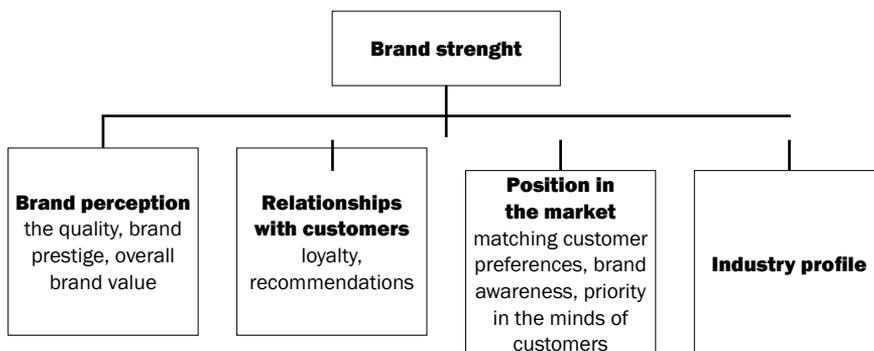


Figure 3. Brand strength dimensions

Source: Kall 2001, p. 200; Urbanek 2008, p. 48.

Brand perception is an indicator which informs how customers perceive a particular brand as opposed to other brands. Relationships with customers show users' behaviors towards brands. Consequently, market position gives an idea of the range of brand influence and its coverage. Finally, industry profile determines the relative role of brand in business operations. The relevance of brand strength varies across industries. For example, branding is an integral part of luxury goods but it is not essential when it comes to intermediate goods (Table 4).

Table 4. Industry profile and relative brand relevance

Type of industry	Relative brand relevance [%]
Luxury goods	100
Fashion	89
Food and beverages	79
Overall consumer products	53
Household appliances	53
Media, telecommunication and other services	32
Retail	21
Pharmaceuticals	15
Industrial goods	7

Source: Urbanek 2008, p. 49.

Regardless of industry profile, strong brands distinguish themselves by [Altkorn 1999, pp. 24–35]:

- solving problems that are relevant to the target group;
- offering high-quality products in terms of technical, functional and emotional characteristics;
- sustaining leadership in the market;
- reacting flexibly to changes occurring in the business environment;
- keeping in touch with customers;
- developing extra services that reflect the nature of brand identity.

3. BRAND'S COMPETITIVE POTENTIAL – FRAMEWORK

3.1. OVERVIEW OF THE MODEL

Conceptually, the competitive potential of brand is defined as a set of specific dimensions, which can be used to describe brand's capabilities to compete successfully in the market [Patkowski 2010, p. 105]. In other words, the concept refers to measurable outputs of the unique combination of functional and emotional values offered by a single brand. Hence only those brand assets which affect the way a customer perceives a particular brand are taken into account in the framework presented here.

It has been assumed that brand's competitive potential is composed of three inseparable parts (Figure 4). Each of them consists of two principal dimensions.

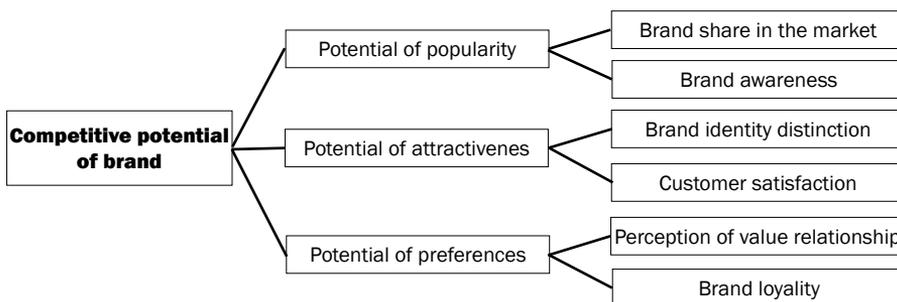


Figure 4. Competitive potential of brand – framework

3.2. REVIEW OF THE COMPONENTS OF BRAND'S COMPETITIVE POTENTIAL

Potential of popularity

It gives an idea of how well-known the brand is. Brand's market share relates to the physical presence of a particular brand in various distribution channels as well as brand share in the market total sales [Patkowski 2010, p. 125]. Hence numeric and weighted distribution are utilized here. The level of brand awareness shows how familiar customers are with the brand [Kall

2001, p. 47; Patkowski 2010, pp. 107–108]. Three types of brand awareness might be measured here: assisted, spontaneous and top-of-mind. Significant brand share has become the competitive advantage of Amazon whereas high level of brand awareness is perceived to be the key to the success of Microsoft Windows. Wikipedia is an example of a brand which has built its market dominance using both dimensions of potential of popularity.

Potential of attractiveness

If brand image is perceived by customers as attractive, the chances to gain the edge over competitors are getting higher. Unique brand identity serves as a basis of transferring brand values into the minds of brand users [Altkorn 1999a, p. 39]. It is composed of four elements: verbal identity, visual identity, brand positioning, customer experience. Next, the level of customer satisfaction shows how well one brand meets the needs and expectations of its target group. As a result, it affects the volume of sales. Moreover, customer satisfaction analysis helps to provide buyers with minimum value proposition (MVP) thus making them more willing to purchase another product of the same brand [De Chernatony et al. 2008, p. 78]. The Body Shop is a brand which has efficiently used its distinctive brand identity to gain market leadership. Customer satisfaction has, in turn, become Duracell's source of competitiveness. Heyah has focused on both dimensions of attractiveness in order to become successful in the Polish prepaid mobile market.

Potential of preferences

Its main objective is to make customers attached to a particular brand and thereby sustain competitive advantage. Price-value relationship is an indicator of how customers value the quality for the price they pay [Patkowski 2010, p. 116]. If one brand is referred to as good value for money, customers are far more willing to repurchase it. Moreover, high level of perceived quality makes it less risky to release new products. Consequently, the bargaining power of the brand towards its distributors is increased so the premium price may be charged. Brand loyalty is concerned with different stages of customer engagement with one brand [Patkowski 2010, p. 110]. It ranges from brand ignorance to brand religion [Aaker 1993, p. 40]. The level of loyalty can be determined with the use of behavioral and satisfaction measures, switching costs and brand associations [Patkowski 2010, s. 113–114]. Nivea has achieved its market dominance by offering goods that are good value for money whereas Apple has gained the edge over competitors by making its users extremely loyal. Burberry has acted tirelessly upon both dimensions and thereby sustained its competitive advantage.

Recent studies suggest that the most successful brands in the world score high in all three types of competitive potential shown here [Patkowski 2010,

p. 130]. However, the relative relevance of each component is determined by the profile of the target group. For example, brands which address their offers to teenagers see potential of attractiveness as a core source of competitive advantage. When it comes to FMCG brands, market superiority is achieved mainly due to the development of potential of popularity. At the same time, luxury brands get the edge over competitors with the use of potential of preferences.

4. BRAND AS A SOURCE OF COMPETITIVENESS OF POLISH JEWELRY BRANDS

4.1. OVERVIEW

The development of brand's competitive potential is given an extremely high priority when it comes to luxury brands. In this case, the value of a brand accounts for the overwhelming portion of shareholder value [Mazurkiewicz 2012a]. Brand strength is equally important here since its relative relevance in the luxury goods market reaches 100% [Urbanek 2008, p. 49]. Despite the broad acknowledgement of the increasing role of brand in gaining the edge over competitors, competitive potential of Polish luxury brands has not been explored so far. The current research aims to fill this gap.

Top 3 Polish jewelry brands have been chosen as a the object of the study since they are perceived by the majority of Poles as a manifestation of luxury (Table 5).

Table 5. The most valuable Polish jewelry brands – Top 3

Brand	2012		2011		Value change
	Brand value [million PLN]	Overall position	Brand value [million PLN]	Overall position	
Apart	246.5	56.	218.4	57.	13%
W. Kruk	73.5	142.	64.3	161.	14%
Yes	62.7	157.	60.1	170.	4%

Source: Mazurkiewicz 2012a.

Apart, W. Kruk and YES form a segment of the luxury market which is far more less vulnerable to changes occurring in the aesthetic paradigm than fashion or accessories. The research gives therefore a better idea of brand's ability to compete successfully in the long run.

4.2. METHODOLOGY

The study consisted of 3 phases. After the secondary data concerning the performance of Polish jewelry brands analyzing, customer survey was conducted. The questionnaire consisted of 16 questions. It was completed by 150 respondents (50 from each of the three brands) who were shopping in one of the jewelry shops located in the mall. The specification of study population has been shown in Table 6.

Table 6. Characteristics of study population

Brand	Gender (%)		Age (%)					
	female	male	< 25	25-29	30-34	35-39	40-44	> 44
Apart (nA = 50)	64	36	4	8	30	22	14	22
W. Kruk (nWK = 50)	66	34	4	4	2	10	32	48
YES (nY = 50)	76	24	8	28	30	20	12	2

N = 150

Source: own elaboration.

4.3. RESULTS

Consumer buying behaviors

The choice of one jewelry brand is determined mostly by the quality (61.33%) and the uniqueness of its products (41.33%). The presence of brand ambassadors (27.33%) may also affect purchase decision. The mission statement of a particular jewelry brand is the least likely to be taken into consideration (4.67%). The respondents are most frequently in possession of two (46.67%) or one (29.33%) jewelry brands. Only 5.33% of the study population declares to have more than three of these. It is worth mentioning that, if a customer is attached only to one jewelry brand, it is usually Apart.

Brand image associations

The study of brand personalities has indicated that Apart is generally associated with sophistication, excitement and competence. W. Kruk is, in turn,

perceived to be competent, mature and totally unexciting, whereas YES tends to give an impression of excitement, sophistication and sentimentality.

Potential of popularity

Apart is seen to be the market leader in terms of brand popularity (93.70% of maximum score).

Table 7. Potential of popularity of Polish jewelry brands

Dimension of popularity	Evaluation criteria	Max	Apart	W.Kruk	YES
Brand market share	The share of brand in the total value of Polish jewelry market	8.00	8.00	4.00	4.53
	Number of retail stores	4.00	4.00	1.75	2.36
	Overall	12.00	12.00	5.75	6.89
Brand awareness	Top-of-mind brand awareness	5.00	3.80	1.95	1.75
	Spontaneous brand awareness	3.00	2.94	2.28	1.95
	Overall	8.00	6.74	4.23	3.70
Potential of popularity		20.00	18.74	9.98	10.59

Source: own elaboration.

Apart has gained the largest share in the Polish jewelry market (15%) and built the densest network of stores (183). It is top-of-mind brand for 76% customers of competitive brands who are mostly women (75%). Additionally, almost all respondents (98%) have mentioned Apart spontaneously when asked about Polish jewelry brand. There is a large gap between the leader and its follower which amounts to 47.05% of the maximum score. YES, with 8.5% share of the market, has developed its distribution network on the basis of franchising. 35% of non-YES customers perceives the brand as top-of-mind whereas 65% of them name it spontaneously. W. Kruk has achieved 7.5% market share and now its offer is available in 80 stores.

Potential of attractiveness

Apart is the leader of brand attractiveness classification. It has got the highest scores in both the distinction of brand identity and customer satisfaction.

Table 8. Potential of attractiveness of Polish jewelry brands

Dimension of attractiveness	Evaluation criteria	Max	Apart	W.Kruk	YES
Brand identity distinction	The existence of the substantial reason to purchase the brand	3.00	2.28	1.62	2.16
	Brand trust	3.00	2.51	2.24	2.32
	Quality-price relationship	3.00	2.38	2.00	2.35
	The presence of recognizable brand ambassador	2.00	2.00	0.00	2.00
	The duration of brand presence in the market	1.00	0.17	1.00	0.18
	The uniqueness of selected brand assets	8.00	6.43	4.40	6.24
	Overall	20.00	15.77	11.26	15.25
Customer satisfaction	Customer satisfaction with the use of the product	3.00	2.47	2.23	2.12
	Customer satisfaction with several features of brand proposition	12.00	9.22	6.74	9.00
	Overall	15.00	11.69	8.97	11.12
Potential of attractiveness		35.00	27.46	20.23	26.37

Source: own elaboration.

Apart's edge over the runner-up is very small (3.11% of the maximum score). YES poses a serious threat to Apart in the field of brand identity distinction and customer satisfaction. W. Kruk is perceived to be the least attractive jewelry brand. The lack of brand ambassadors together with typical product portfolio make W. Kruk customers ca. 25% less satisfied with its offer.

76% of Apart's customers point out specific reasons for the purchase. These are: wide range of products (23.68%), quality (23.68%), exclusiveness (21.05%), well-known brand ambassadors (18.42%) and brand availability (13.16%). Women mostly choose Apart because they find it exclusive whereas men purchase the brand due to the high quality of its jewelry. As many as 72% of YES customers recognize its unique brand identity. The main reasons behind the purchases of YES jewelry are: the mix of classic and modern designs (47.22%), brand communication in social media (25.00%), the quality of jewelry (13.89%). Only about a half of W. Kruk customers is able to indicate the specific reason of the choice. It usually comes down to the classic design (29.63%), traditions associated with brand (29.63%) and product quality (29.63%).

Both Apart and YES take advantage of celebrity endorsement. The exclusive character of Apart's jewelry is reinforced by the popularity of Polish supermodel – Anja Rubik – whereas YES's balance between classic and modernity is supported by the image of Magdalena Frąckowiak.

W. Kruk has been selling jewelry for 173 years. Although Apart and YES are perceived as relatively young (30 and 32 years of business activities), they react better to market changes. Since the quality of Apart's products meets the expectations of its customers to a great extent, it is considered to be the most trustworthy jewelry brand. It is also characterized by the highest level of uniqueness (Table 9). However, this superiority may be shortly lost to YES. Therefore, Apart aims to strengthen its competitive position by providing customers with the offer which is better tailored to their needs and expectations (Table 10). Apart's customers are characterized by the highest level of satisfaction in terms of product quality, product range, the frequency of new product releases and retail stores availability. YES is constantly trying to get the edge over the leader with the use of qualified customer service as well as sophisticated after-sale service. As for luxury brand, W. Kruk performs very poorly when it comes to the level of customer satisfaction with overall sale service, product range and the frequency of new products releases.

Table 9. The uniqueness of brand assets

1 – the lowest score, 10 – the highest score		Average	Standard deviation	Mode
Brand name	Apart	8.58	1.17	9
	W. Kruk	5.78	1.29	6
	YES	7.94	1.45	8
Brand logo	Apart	7.68	1.29	8
	W. Kruk	4.80	1.55	4
	YES	6.54	1.46	6
Product design	Apart	8.82	0.82	8
	W. Kruk	5.68	1.26	6
	YES	9.08	0.72	9
Raw materials	Apart	8.76	1.09	8
	W. Kruk	5.94	1.17	6
	YES	5.76	1.35	5
Packaging	Apart	7.88	1.58	8
	W. Kruk	6.34	1.67	6
	YES	8.46	1.47	9
Interior decor of retail stores	Apart	6.50	2.38	3
	W. Kruk	6.00	0.75	6
	YES	8.72	1.06	9

1 – the lowest score, 10 – the highest score		Average	Standard deviation	Mode
Marketing communication	Apart	8.44	1.13	7
	W. Kruk	4.68	1.26	6
	YES	7.86	1.25	8
Web site	Apart	7.60	1.67	9
	W. Kruk	4.80	1.44	6
	YES	8.04	1.23	9

Source: own elaboration.

Table 10. The level of customer satisfaction

1 – the lowest score, 10 – the highest score		Average	Standard deviation	Mode
The use of brand (product)	Apart	8.22	0.94	8
	W. Kruk	7.42	1.17	8
	YES	8.08	0.98	8
Product quality	Apart	8.16	1.05	8
	W. Kruk	7.88	0.79	8
	YES	7.52	0.98	8
Product range	Apart	8.88	0.84	9
	W. Kruk	4.84	1.43	5
	YES	7.72	1.10	8
Frequency of new product releases	Apart	8.40	1.37	10
	W. Kruk	4.48	1.19	4
	YES	7.64	0.91	7
Retail stores availability	Apart	8.36	1.21	8
	W. Kruk	4.38	1.68	3
	YES	6.22	0.94	6
Customer service	Apart	6.40	1.83	7
	W. Kruk	5.88	1.12	6
	YES	8.76	0.86	9
Extra services	Apart	5.90	1.47	7
	W. Kruk	6.26	1.48	6
	YES	7.14	1.27	7

Source: own elaboration.

Potential of preferences

With 74.36% of the maximum score, Apart is considered to be the market leader in terms of customers' preferences. It has built its competitive advantage on the basis of brand loyalty since there are no significant differences between the perceived level of quality of domestic jewelry brands. The majority of Apart's customers makes one purchase per year whereas W. Kruk is usually bought every 2–3 years. There are usually two different jewelry brands in a Polish household. However, Apart's customers are far less likely to purchase another piece of jewelry offered by a different Polish brand.

Table 11. Potential of preferences of Polish jewelry brands

Dimension of preferences	Evaluation criteria	Max	Apart	W.Kruk	YES
Value-price relationship	Perceived product quality	9.00	7.04	6.62	6.95
Brand loyalty	Number of jewelry brands in household	8.00	5.26	4.20	4.46
	Premium price level	8.00	8.00	6.34	6.86
	Propensity to recommend the brand	7.00	5.66	4.21	5.31
	The frequency of brand purchases	7.00	2.66	1.90	2.80
	Propensity to buy another product of the brand	6.00	4.85	3.50	4.48
	Overall	36.00	26.42	20.15	23.90
Potential of preferences		45.00	33.46	26.78	30.85

Source: own elaboration.

Apart's users are prepared to be charged with the highest price premium (ca. 30.30%). They are also more willing than others to recommend and repurchase the brand. However, YES is also given a high level of brand loyalty, which together with its increasing brand attractiveness pose a real threat to the leader.

Summary

Apart is seen as the most competitive brand in the Polish jewelry market. Its competitive edge has been built mainly due to the popularity of the brand. However, since the image of YES has started to be perceived as more and more attractive, Apart's superiority has been seriously threatened. Although first in the market, W. Kruk has not been able to develop an appealing brand identity and thus has not taken advantage of the power of brand

loyalty. None of Polish jewelry brands has achieved a monopoly position in the market. In terms of correlations which occur between particular elements of the competitive potential of luxury brand, it has been indicated that the higher the perceived quality of the product, the higher premium price customers are willing to pay. Moreover, the level of buyer's willingness to recommend the particular brand is affected by three principal variables: the level of trust that customer has towards the brand, the diversity of product range offered by the brand, and the frequency of new product releases. Finally, the more often new products are introduced to the offer, the more willing customers are to choose the particular brand again.

Managerial implications

As the competition between businesses intensifies, intangible assets are becoming the only source of company's uniqueness [Skrzypek 2003, p. 64]. The organizational resource, which is believed to create the most effective synergies, is brand [Jog, Suszyński 2001, p. 4]. Its tasks have evolved significantly over the last 25 years. As a consequence, brand has started to be considered as a basis of permanent relationships between the company and its various shareholders [Urbanek 2008, pp. 45–46]. Theorists together with practitioners have agreed to see brand as an inimitable source of competitive advantage [Płociński 2012]. Moreover, they pointed out that the continuous creation of brand's competitive potential is the only way to achieve strong and more sustainable market position which poses a real threat for competitors. Hence, measurement of competitive potential of brand has started to act as an indicator of brand's ability to compete efficiently in the market. In addition to providing numbers of shareholders with functional and emotional benefits, brands equipped with high competitive potential are capable of creating significant barriers to entry into markets [De Chernatony 2003, p. 23]. For this reason, the relative importance of brand tends to be the highest in the case of luxury goods market [Urbanek 2008, p. 49].

The measurement of competitive potential of Polish jewelry brands based on consumer survey has demonstrated that there is no brand that may be regarded as entirely monopolistic. The brand which competes most successfully in the given area is Apart. The leader of the overall classification ranks also as a top in terms of the potential of popularity, attractiveness and preferences. Apart's competitive potential exceeds the runner-up – YES – by 12%. Taking into account the fact that Apart's supremacy is much lower in the field of brand attractiveness (1.09%), it is anticipated that both brands will use more and more innovative ways to increase the effectiveness of competitive rivalry. The result achieved by W. Kruk makes 56.99% of the maximum score and does not pose a threat to the other two brands. All in all, the direction of activities which affect brand equity should be based on

the correlations that exist between several components of brand's competitive potential, as indicated in the research. The results of the study may serve as a basis for the development of Polish luxury brand which is fully efficient in terms of competitive rivalry. Furthermore, it would be reasonable to use the measurements in strategic decision making in Apart, YES, W. Kruk.

It is believed that the role of brand in creating and sustaining competitive advantage will increase substantially in the next few years. Given the fact that potential customers tend to use social media to obtain current information about brands, it is the quality of brand communication on the Web that will significantly affect future purchasing decisions [Walker, Naylor et al. 2012].

Limitations

It should be kept in mind while deducing managerial implications of the research that some products offered by Polish jewelry brands are not perceived to be luxurious. Minimum price, above which each type of jewelry is regarded as luxury, depends on respondents' characteristics such as gender, age, the level of income. Additionally, there is no evidence that each customer that has been surveyed has ever used the bought item. This might have affected the overall responds.

Further research

More work is needed to determine how the components of brand's competitive potential identified here interact with the value of both brand and a company. In particular, in further conceptual and empirical work the focus should be given to the ethical dimension of brand. Since CSR activities are increasingly affecting the way in which the value of an organization's is perceived, the activities which make brand socially responsible should be taken into account when estimating its competitive potential. Further research is also needed to broaden the generalizability of the findings to other types of consumers and categories, particularly fashion and FMCG.

REFERENCES

- Aaker D. (1992). The value of brand equity. *Journal of Business Strategy*, Vol. 13, No. 4.
- Aaker D. (1993). *Managing Brand Equity*. New York: The Free Press.
- Aaker D. (1996a). *Building Strong Brands*. New York: The Free Press.
- Aaker D. (1996b). Measuring brand equity across products and markets. *California Management Review*, Vol. 38, No. 3.
- Aaker D. (2010). *Brand Relevance: Making Competitors Irrelevant*. Hoboken: Jossey-Bass.
- Aaker J. (1997). Dimensions of brand personality. *Journal of Marketing Research*, Vol. 34.
- Altkorn J. (1996). Wizerunek firmy jako marka. *Marketing w Praktyce*, No. 4.
- Altkorn J. (1999a). *Strategia marki*. Warszawa: Polskie Wydawnictwo Ekonomiczne.

- Altkorn J. (1999b). *Strategie marki w marketingu międzynarodowym: pomocnicze materiały dydaktyczne*. Kraków: Wydawnictwo Akademii Ekonomicznej.
- Altkorn J. (2004). *Podstawy marketingu*. Kraków: Instytut Marketingu.
- Batra R., Ahuvia A., Gagozzi R. (2012). Brand love. *Journal of Marketing*, Vol. 76, No. 2.
- Clark K. (2004). *Brandscendence: Three Essential Elements of Enduring Brands*. Chicago: Dearborn Trade/A Kaplan Professional Company.
- De Chernatony L. (2003). *Marka. Wizja i tworzenie marki*. Gdańsk: Gdańskie Wydawnictwo Psychologiczne.
- De Chernatony L., Christodoulides G., Roper S., Abimbola T. (2008). Brand management. *European Journal of Marketing*, Vol. 42, No. 5–6. Bradford: Emerald Group Publishing.
- Domański T. (2005). Strategie rozwoju marki własnej na rynku polskim. *Handel Wewnętrzny*, No. 2.
- Dzinkowski R. (2000). The measurement and management of intellectual capital: An introduction. International Federation of Accountants. *Management Accounting*, Vol. 78, No. 2.
- Edwards H. (2006). *Kreowanie marek z pasją*. Kraków: Oficyna Ekonomiczna.
- Farhana M. (2012). Brand elements lead to brand equity: Differentiate or die. *Information Management & Business Review*, Vol. 4, No. 4.
- Fehle F., Fournier S., Madden T. (2006). Brands matter: An empirical demonstration of the creation of shareholder value through branding. *Journal of the Academy of Marketing Science*, Vol. 34, No. 2.
- Gambetti R., Graffigna G., Biraghi S. (2012). The Grounded Theory approach to consumer-brand engagement. *International Journal of Market Research*, Vol. 54, No. 5.
- Gierszewska G., Romanowska M. (1994). *Analiza strategiczna przedsiębiorstwa*. Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Haig M. (2004). *Brand Royalty: How the World's Top 100 Brands Thrive & Survive*. London: Kogan Page.
- Interbrand (2012). Brand Valuation: The financial value of brands. *Brand Channel*. http://www.brandchannel.com/papers_review.asp?sp_id=357 [accessed: 2012].
- Jog V., Suszyński C. (2001). *Zarządzanie finansami przedsiębiorstwa*. Warszawa: Centrum Informacji Menedżera.
- Kall J. (2001). *Silna marka. Istota i kreowanie*. Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Kotler P. (1999). *Marketing. Analiza, planowanie, wdrażanie i kontrola*. Warszawa: Felberg.
- Mallik S. (2009). *Brand Management*. Jaipur: Book Enclave.
- Mazurkiewicz P. (2012a). Chińczycy walczą o znane marki. *Rzeczpospolita*. <http://www.ekonomia24.pl/artykul/830129-Chinczyzy-walcza--o-znane-marki.html> [accessed: 2012]
- Mazurkiewicz P. (2012b). Dobra inwestycja, która przy okazji cieszy oko. *Ekonomia24.pl*. <http://www.ekonomia24.pl/artykul/942065.html?print=tak&p=0> [accessed: 2013].
- Mazurkiewicz P. (2012c). Marki własne wciąż tanie, ale coraz lepszej jakości. <http://www.ekonomia24.pl/artykul/795533-Marki-wlasne-wciaz-tanie--ale-coraz-lepszej-jakosci.html> [accessed: 2012].
- Mazurkiewicz P. (2012d). Światowe marki atakują Polskę. *Ekonomia24*. <http://www.ekonomia24.pl/artykul/794122-Swiatowe-marki-atakuja-Polske.html> [accessed: 2012]
- Meyers H., Gerstman R. (2002). *Branding @ the Digital Age*. Gordonsville: Palgrave Macmillan
- Patkowski P. (2010). *Potencjał konkurencyjny marki*. Warszawa: POLTEXT.
- Płociński M. (2012). Globalne marki wypierają polskie. *Rzeczpospolita*. <http://www.rp.pl/artykul/962820-Globalne-marki-wypieraja-polskie.html> [accessed: 2013].

- Porter M.E. (1999). *Strategia konkurencji. Metody analizy sektorów i konkurentów*. Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Porter M.E. (2008). *Competitive Advantage. Creating and Sustaining Superior Performance*. Nowy Jork: Simon and Schuster.
- Skrzypek E. (2003). *Wpływ zasobów niematerialnych na wartość firmy*. Vol. 2. Lublin: Uniwersytet Marii Curie-Skłodowskiej.
- Stahl F., Heitmann M., Lehmann D., Neslin S. (2012). The Impact of Brand Equity on Customer Acquisition, Retention, and Profit Margin. *Journal of Marketing*, Vol. 76, No. 4.
- Suszyński C. (2007). *Przedsiębiorstwo. Wartość. Zarządzanie*. Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Taylor D., Nichols D. (2010). *The Brand Gym: A Practical Workout to Gain and Retain Brand Leadership*. Hoboken: Wiley.
- Urbanek G. (2002). *Zarządzanie marką*. Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Urbanek G. (2004). Zwiększanie efektywności strategii budowy marki. *Marketing i Rynek*, No. 11.
- Urbanek G. (2008). *Wycena aktywów niematerialnych przedsiębiorstwa*. Warszawa: Polskie Wydawnictwo Ekonomiczne.
- Walker Naylor R., Cait Poynor, Lamberton; West P. (2012). Beyond the “Like” Button: The impact of mere virtual presence on brand evaluations and purchase intentions in social media settings. *Journal of Marketing*, Vol. 76, No. 6.