

Ways To Improve The Economic Efficiency of Food Industry Enterprises Based on Branding

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Abstract

The article discusses issues of improving the economic efficiency of food processing enterprises on the basis of branding. It justifies its important role in increasing the competitiveness of goods. We studied the structural-functional model of the brand of the enterprise's products, which has practical significance at the stage of creating a new brand, as well as the author's system of monitoring the development of a product brand. Also, the article's highlights are ice tea market of Uzbekistan, competition analyzes, positions and shares of the companies and their brands. In the scientific-methodological part there were used marketing methods and theories, like competitive advantage, marketing tools, brand, re-styling, benchmarking, distribution and others. Based on the analysis were given suggestions on improving the company's competitiveness and prestige of "Arktika Bottlers", as well as its brand "Arctea".

Keywords

Branding, Food Industry, Competition, Export, Import, Competitiveness.

Introduction

Depending on the nature of the raw materials used, industries are classified into two main groups. The first group includes those industries that use raw materials. This includes: cereals, tea, sugar, butter, fish and canned food. The second group includes such industries whose raw materials have already been processed. These are confectionery, tea-making, baking, macaroni.

The food industry is found wherever people live. This is what contributes to the large distribution of the raw materials used and the constant consumption of food. But in this kind of industry there are also certain regularities. And the location of enterprises in this industry is based on taking into account their specific features. Those productions which carry out processing of the raw materials which are not subject to processing, and also perishable, are placed in the field of their consumption. These include fish, dairy, wine-making, canning and other enterprises.

Data and Methods

Defining such products as ingredient-branded foods, this study clarifies the processes and effects of ingredient branding strategies in the Uzbekistan's food industry. We classified the seven product categories that included tea products. We used secondary data from open access resources.

Literature review

When writing this article, the works of foreign authors on the problem of creating a brand G.Charmasson, P.Temporal, D.AakerBatra R., Myers J., brand personality and value were studied and used A.Deyan, Y.Ellwood, problems of brand management T .Gad [1], F.Kotler, J.-J.Lambin. P.Doyle, E.Rice positioning, D.Traut marketing J. Becker, J. Buchanan, N.Francke, V.Gardener, S.Levi, G. Groning, O. Herzig, B. Huber, on the issue of advertising G. Starke, KP Landgrebe, O. Herzig. Works by domestic authors on the creation of a brand are used Kasymov O.[2], I.V. Krylov, V.N. in, Yu.G. Lashmanov [3], A.S. Filyurin, M.Vasilyeva, A.Nadein, brand value, M.N.Dymshits, Yu.G. Ryazanov image creation, I.M.Sinyaeva, marketing and advertising, N.A. .Nagapetyants, positioning V.I. Pertia, Pringle X., Thompson M.[4], RyuminM. Yu.[5], Mariotti J.[6], Shabanov D.M. [7], Ellwood I. [8], L.M. Kathuria, P. Gill [9], B.M. Ghodeswar [10], T. Miyanoshita [11], F. Capitano[12] and other issues directly or indirectly related to

the creation and management of the brand.

Theoretical aspects of branding

In the case when the idea of the brand does not correspond to the desired and, for example, awareness is sufficient, it means that the company needs to re-shape its image. Of course, this may require much more effort and money than, for example, creating a positive reputation from scratch. For example, if the company is now known as a milk producer, and it decided to produce shampoo, then it would be difficult to convince the audience that a new product is not worse. It is cheaper and easier to create a new brand.

Consider a brand mission or positioning development.

Positioning is the distinctive characteristics of your brand, or rather, this is a view that has developed in the minds of the target audience. Positioning is the platform for all the following actions. To develop it you need to know the answers to the following questions: who is your consumer, what he wants, what he knows and how he thinks; who your competitor is, what he says about himself, how dangerous he is, what plans he has; what your company can and really does.

We have investigated the importance of the brand and brand book. Positioning alone is not enough to meet the brand's goal. Therefore, the principles and nature of the brand need to be described in more detail. In addition, to advance you need to know the essence of the brand, the rules of writing texts, and the principles of design development [4]. In large organizations, texts or design are created by different people working far from each other, and therefore it is necessary to develop a formal brand book. It should describe the mission / positioning of the company, the standard templates of marketing materials, the dress code, the essence of the brand, the rules for the use of logos, etc.

Of course, no brand book can provide for all possible difficulties, so it is worth nominating people ("brand keepers") who will solve all unforeseen situations related to using the brand and implementing it on various carriers.

So, for the formation of each brand, the developer must ask himself four questions that allow a good definition of positioning: for whom - the definition of the target consumer group for which the brand is created; Why - the benefit of the consumer, which he will receive as a result of the acquisition of this particular brand; for what purpose (for what use) is this particular brand needed;

against which competitor.

Depending on the product, the target group of consumers may be replaced by a group of people who make purchasing and brand choices. For example, a car buyer understands for himself what the technical characteristics and parameters of a car are important for him, and he chooses for himself the ideal option. A car buyer for another family member (for example, for a wife): here is already a person paying money, and the user is different people. Consequently, the impact of brand image on them may occur in different ways. That is why it is very important for the creator of a brand to understand who is directly a user or a consumer of a product or service. To answer this question, as well as the rest of the above questions, public opinion polls are conducted among consumers of the product. One such study is called Usage & Attitude Study (use and satisfaction). After that, when a brand has already been created, this research is carried out with a certain frequency, which allows us to understand the brand sustainability among its customers and track changes in the brand image, as well as all this can be obtained in comparison with competitors [4].

After the answers to these key questions have been received, a brand strategy is defined, that is, the ways in which the organization's resources will be used to create brand value. The strategy includes the following elements: who is the target audience; what promise (offer) should be made to this audience; what proof does she need to give in order to show that this sentence is worth something; what the final impression should be left.

To answer the questions posed at this stage, as a rule, they conduct qualitative research with representatives of the target audience, namely focus groups, where ready-made suggested slogans and brand appeals can be tested, and new ones can be developed.

The brand strategy also determines by what methods the four points listed above can be fulfilled, that is, how the product is made, named, classified, packaged, exhibited and advertised. The promise of the advantages given by the authors of the brand is the basic idea that underlies the brand. The same idea should lie as the main idea of the future advertising campaign developed for this brand (or other promotion methods that will be used for this brand). Creating any idea is a matter of creativity and talent, therefore, manuals like "how to create a brilliant brand" have never been and never will be [4]. Nevertheless, there are a number of recommendations that make it easier to create ideas and direct thoughts in the right direction.

When creating a brand, experts suggest that you always remember about product positioning and the strategy developed for this brand. You should not overload the brand with a lot of ideas, you need to choose one of the most valuable and bring it to the mind of the consumer.

To create a successful brand, you should pay attention to other brands present in the same market segment. This will allow, firstly, to avoid duplication of an existing brand in the market, secondly, to take into account the mistakes and miscalculations made by competitors, and thirdly, it can push on the original idea.

When forming the idea of a brand, the target audience should be imagined as clearly as possible, not abstractly, but with concrete examples. It is necessary to imagine what the target audience wants, what interests it, what interests it, what it looks like, what it says.

All these recommendations can be applied in the case when the manufacturing company develops the brand itself. Quite often, creating a brand is entrusted to a third-party organization, since this issue requires a professional approach.

When creating a product name, a computer is often used, with which linguistic analysis is carried out (linguisticscreening) - comparing the name just created with dictionaries of words and morphemes (small but meaningful parts of words) that exist in the language. After the brand name has appeared, prior to entering the market, an obligatory stage is its preliminary testing. Usually, consumer attitudes towards different variants of the brand name, image and design are estimated. Marketing test allows you to choose the best option from several possible. During testing, it is possible to assess not only whether consumers like the brand, but also the degree of effectiveness of communication with the target audience, the perception of certain brand properties and the importance of the advantages offered to them. The process of pre-testing the brand avoids the following mistakes: identity with existing brands, product names that can mislead consumers, avoid costly product delays, brand changes or product re-creation, create healthy competition with other companies.

Thus, the complexity of developing a brand raises the question: how effective is the investment of manpower and funds in creating a brand and how long can its existence in the market be? The fundamental difference between a brand and a product lies in their different life cycles. Without careful, careful management, brands face the same fate of following the life cycle as products: transition to market entry, growth, maturity, and decline at a fairly fast pace. When deciding which branding to prefer - product or corporate, it should be borne in mind that some categories of consumers perceive companies only at the corporate level. They are stock and bond holders, investment brokers and analysts, employees and potential employees, suppliers and government organizations. [5].

All traditional branding events (Brand Actions) are special promotions and programs designed and applied to strengthen the brand, its properties and individuality at all stages of communication with the consumer, which lead to an increase in the brand's lift.

The concept of branding consumer goods is the concept of promoting, "pushing" the product to the consumer. Traditional branding events are advertising, product promotion at the point of sale, sampling, merchandising, and building your own dealer network.

Due to the presence of consumers of food products and the variety of raw materials, enterprises in this industry are growing rapidly. Their development is also promoted by modern innovative technologies that allow creating advanced high-quality equipment, without which this industry cannot function effectively. This includes entire production lines that perform a variety of processes in a conveyor sequence. Most of them are fully automated.

Also, in food production they use draft, refrigeration, confectionery, bakery, canning, meat, milk and fish processing equipment. You can not do here without special packaging equipment, which allows you to get a beautiful, presentable, reliable and high-quality final product.

In addition, the food industry is the most demanding industrial sector. Strict sanitary and hygienic standards that are present in industry are also used for electrical components. There are a number of such requirements.

The requirements for cabling and wiring products used in this activity are similar to those for packaging factories. They must be resistant to various thermal, chemical and physical effects. This is due to the fact that they are widely used in freezers, in a humid environment, etc., and they are required to perform their functions under any operating conditions.

The hygiene of the production itself is always in the first place when it comes to food. As a result, resistance to alkaline and chemical industrial cleaning agents is of particular importance here.

The high significance of the branding approach is confirmed by the increasing market value of foreign companies (CocaCola, McDonald's, Nescafe, Pepsi), leading the international food market. For various markets in foreign countries, branding has become a familiar tool for ensuring the competitiveness of goods.

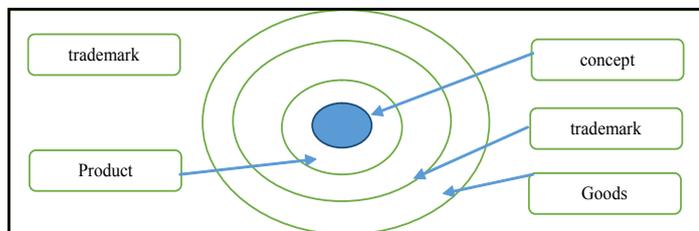


Fig.1 : Structural and functional model «Brand in section»

Source: author's elaboration

The purpose of the appearance of the brand in domestic enterprises is to meet the growing needs of the market. But to create your own brand, specialists need to have a broad understanding of its content and stages of formation. In this case, the brand has a practical significance in the form of a structural-functional model (see figure above). We assume the division of the brand into five parts, each of which performs certain functions. Elements such as "product" and "brand" are defined by the brand's essence as a combination of rational and emotional properties of a product that are in demand by target consumers. Other elements ("concept", "trademark", "product") are highlighted as performing organizational functions.

1. Concept - general administration. The concept is a plan that defines a strategy for the implementation of reforms, projects, plans, programs [5]. To meet the desires of the consumer at the initial stage of brand development, a competitive concept is developed. A single idea reflects the preferences of target consumers. Under the guidance of the concept, all other elements of the brand function.
2. Product - meeting rational needs. Creating a product as a material component of a brand is the second stage in its creation. The product in this case is an impersonal part of the brand, but is the crown of the concept.
3. Brand - satisfaction of emotional needs. From our point of view, a trademark is a set of emotionally loaded text, graphic and multimedia attributes of a product (name, design solutions in packaging and promotion, sound design of the point of sale, etc.) used to enable the consumer to distinguish it from its competitors. At this stage, the brand acquires an identification component.
4. Trademark - brand security. A trademark is defined by us as a registered and legally protected trademark or part thereof. The main function of a registered trademark held by the manufacturer is to ensure the safety of the entire brand.
5. Goods - sales assurance. Commodity is a product of activity (including work, services)
 - a) intended for sale, exchange or other introduction into circulation
 - b) In other words, a product is a product placed on the market for sale. At this stage of creating a brand, a product is assigned a price, brand elements appear (name, original packaging,

corporate identity, etc.), and the consumer gets access to it through a trading network.

The struggle for the domestic consumer, whose preferences are changeable, is exacerbated by the unstable socio-economic situation of the country. In this situation, professionals responsible for the development of the created brand need to make decisions quickly, based on primary information. Thus, the success of a brand largely depends on the presence in the enterprise of a system for monitoring brand development. In this case, the object of observation is the "brand equity"

- value for the consumer rational and emotional properties of the goods.

In the works of various authors (D. Aaker, K. Keller, U. Sharp, L. Chertoni, V. Pertsya) there is a division of brand capital into components, due to which the brand becomes valuable to the consumer. Among them:

- the level of development of the distribution company;
- brand image;
- perceived product quality;
- the duration of the presence of the brand in the market, etc.

It should be noted that the components of brand equity, mentioned above, can simultaneously be viewed as independent indicators or groups of indicators characterizing the level of brand development. If the values of these indicators exceed those of a competitor, then the company can count on leadership in its market segment. Monitoring changes in the considered indicators allows to assess the state of brand equity in the market and to offer and its development. The proposed structural-functional model provides a comprehensive picture of the brand structure and the functions of its individual elements. This is necessary when creating a new effective brand of enterprise products. A system for monitoring the development of a product brand, covering its quantitative and qualitative aspects, will provide the company with the information necessary for a timely response to changes in the external environment.

Analysis of the packed tea market in Uzbekistan, brands and competition between them

All the realistic sectors of the economy of Uzbekistan are developing. For example, over the past three years the volume of localized production has grown almost twice in our country. Last year alone, 455 enterprises implemented 1,140 projects on localization program. As a result, the volume of production increased 1.2 times and the final effect on import substitution amounted to \$ 5.3 billion. [2]

In addition, the packed fine tea market is characterized by its high growth rates and high potential. The volume of tea market in Uzbekistan is 38 million liters, its growth rate is 8-10% per year. Experts say that the average annual consumption of tea in Uzbekistan is 1.3 liters per person per year. In countries such as Hungary, Slovenia and Croatia, this indicator is more than 10 liters per person, and in Austria and Switzerland - around 15 liters. It should be noted that the tea market is a relatively young market for Uzbekistan, and its competitor is expanding at the expense of the gaseous beverage market. Smoked drinks and soft tea are both thirsty, but consumers have a different attitude. Smoked drinks make the feelings and emotions of consumers such as youthful times, sweet desserts, lemonade, coca cola, and harmful drinks, as well as the traditional teas, fresh tea, delicious, refreshing drink. This is why this network is expanding as a result of the rapid growth of tea consumption. But because of the price policy, aerated

drinks are still in the lead.

In 2015, thanks to the attraction of foreign investments to the network, world-class brands have been producing light tea under the trade mark “Lipton” and “Fuse”. “Learn from your competitors, because she learns from you,” says Jeffrey O’Leary (3). As he said, competitors need to be trained and trained not only for the purpose of studying us, but also for the learning of the environment, opportunities, obstacles and dangers of the outside environment, to prepare for them, and avoid mistakes. Currently, more than 15 domestic and foreign brands are competing on the market. At the stage of the establishment of a tea market in Uzbekistan, the number of manufacturers was four, but now more than 15. Annually, the tea-producing companies and brands are becoming more and more competitive. Founder of the Uzbek tea market Sibur JV, Liberte tea brand, Arktika Bottlers JV, Arctea brand, Navruz International Corp JV, Ays, owns 85-90% tea market are doing. One of the leading tea makers, Narin Invest, lost its lead in the competition, dropped out of competition and stopped producing tea under Bayce brand. Other categories of businesses also began to look at the category of fresh tea. For example, “Transparent Service” JV is known for the production of packed water under the brand “Transparent”, while ABK is producing fresh tea, known under the brand name “Kavsar”, for the production of sweet drinks. The most striking aspect is that under the brand name ZelenyyChay, chemical cleaning products have begun to produce tea. It does not make sense to produce these two contradictory categories under the same name and brand in marketing, brand aura, or even ethics. As a result, this brand was not found in the category of “Tea”. [2]

The lemon and peach flavor of yacht tea is the most popular tea, so all manufacturers produce these delicious teas. The next place is the forest fruits, the taste of teas with apples. The teacups with carnations, pomegranates, raspberries and cellars are relatively rarely available to consumers. In 2014, the new lime + mint flavor attracted the attention of consumers. This taste, known as “Moxito,” provided the Ays brand with a small competitive edge in 2014.

According to Philippe Kotler, the key concept in marketing is the concept of this brand. “If you are not a brand - you mean, you do not exist. Who are you then? You are no product,” he says. Larger funds are being invested in the creation of a strong brand to promote tea with tea. In particular, in 2011, Uzbekistan advertised \$ 58,945 for tea, while in 2012 this figure was \$ 1,115,555. In 2013, Ays (69.6 percent), ZelenyyChay (19.2 percent), Arctea (7.8 percent) and Dinay (3.4 percent), Liberte tea, The brand did not spend money on television, while in 2014, the main teaser-made tea was the Liberte tea. “Sibur” JV attracted the attention of the Pepsi brand after gaining its franchise, and the Liberte brand disappeared from its market position. His share in the tea market has declined year by year. [2] However, since 2015, the company has introduced a brand new franchise. The next step of the agreement with Pepsi is the production of tea in the world under the brand name Lipton. While Lipton’s pricing policy is more expensive than its competitors, it’s finding its customers. But now his market share is low.

On the contrary, we can see the situation with the brand Ays. “Ays” brand has been replenishing two logos, labels, plastic packaging since 2008. Renewed design, expanded distribution, POS (POSM) materials in retail outlets, branded refrigerators, wholesale sales, TV broadcasting and other factors make Ays a stronger share in the tea market.

Arctic Bottlers is the leader in the category of “Arctea”. Arctea brand is produced in 0.5 and 1.5 liter plastic bottles. Black and blue teas can help keep the human body toned and cool. The presence of antioxidant in the teacups, the lack of gas and the sweetness of the tea is one of the advantages of other cool drinks. In the Arctea brand there are delicious teas such as “Lemon”, “Peach”, “Apple”, “Forest Fruit”, “Anor”. The taste of “Lemon”, “Peach” is the most popular taste. Those who care about young people and healthy lifestyles are the main customers.

Table 1 : The share of tea market in Uzbekistan among brands

Brends	2014y	2015y	2016y
Arctea	37%	36%	37%
Liberte tea	35%	23%	19%
Ays	16%	22%	32%
Bayce	7%	13%	
Dinay	1%	2%	3%
Smile	1%	1%	1%
Jtea	1%	1%	1%
Others	2%	2%	7%

Source: Data for “De Facto Marketing” and “More Info”. [9-11]

The Arctea brand also maintains its leading position in strong competition, but in the wholesale trade, there are deficiencies in distribution. If such deficiencies are not eliminated, the brand may lose its leadership position. Ays brand is getting stronger and Liberte brand is able to restore its brand name, and Lipton brand in premium segment. Coca-Cola Bottlers JV has also started producing tea in Uzbekistan under the Fuse brand. The brand Fuse will also compete in the premium segment, such as Lipton. It is a great threat if we take into account the popularity of its popular branding and Coca-Cola Bottlers distribution network. Such risks are evidence that Arctea’s branding is a challenge. [2]

Therefore, the enterprise should take steps to maintain its position and increase competitiveness. In particular, it is necessary to work with new partners to reduce product cost, create new tastes, reduce risks associated with raw materials suppliers. At the moment, concentrates from Germany’s Dohler, Wild and Swiss Givaudan companies, as well as the proposals of companies like EurosnabSoyuzsnab and Skarpio are desirable.

Failure to use marketing elements has also been made. At present, the company is spending on advertising and marketing, but its efficiency is not high. The cost of each advertisement should have the same effect as investment in the future. In particular, it should increase the sales of goods, ensure that the brand is formed and its buyers have it. The result is not expected. The main problem is that the propaganda is limited only to the regional television, and there are shortcomings in promoting advertising roles to the target group.

Conclusions

In summary, the key element of marketing is “benchmarking.” Benchmarking is the study of the competitiveness of the competitors and their application to the business. We’ve mentioned above, the tension, the cost of the product, the cost minimization. Competitors are gaining more benefits through the cost-cutting approach. In the category of jelly, rivals sell their products in the 1.25-liter format

and sell them at a price of 1.5 liter. As a result, the main competitors - Ays and Liberte - save up to 0.25 liter costs per bottle. Therefore it is desirable for the enterprise to switch from 1.5-liter format to 1.25-liter format. Otherwise, this small advantage can bring a huge gain to competitors. We can see that the Ays brand is developing in different ways. Since 2008, the label has been refurbishing its logo, label, plastic packaging, and the Arctea brand since 2008 has been without any changes. Failure to work on the product is one of the reasons for its abandonment of competitive advantages. Even world-renowned Coca-Cola and Pepsi brands have repeatedly restored their logo or label or sub-branded them. That's why it is appropriate to restart the brand "Arctea". This is a sign that the brand is being developed and improved. Unity does not strengthen the brand's position, it is always advisable to upgrade. The Arctea canal is the flagship of the enterprise, and the network has a high growth rate as mentioned above. Therefore, to strengthen this brand, marketing actions, traded shares, distributors, advertising and propagation are required. Distributors of distribution line and distributors in the regions of Uzbekistan are engaged in supplying Arktika Bottlers products to their points of sale. The Distribution Line provides a large portion of its coolest sales outlets in Tashkent with the products of Arktika Bottlers. There are problems with working with wholesale points. In some regions, the company does not have its own distributors. In logistics, there are shortcomings in the supply of products to the regions. Nevertheless, the company's products maintain their leadership in their categories and have good performance indicators.

It is also necessary to develop investment projects on modernization, technical and technological renewal of the enterprise. In particular, it is desirable to install the new Osmosis innovative equipment because of the obsolescence of the water treatment plant and its inadequacy to the modern requirements. Although the water used in the process is clear, the water is sour, but the taste of other substances is absorbed in water. The advantage of the Osmosis innovation device is that it removes all the microelements and substances in the water. This water can then be enriched with minerals and beneficial micronutrients. Nestle Pure Life and Hydrolife are already using the Osmosequipments. The introduction of Osmosis equipment will increase the competitiveness of the enterprise. It has to install a new packaging line to maximize the production capacity of the enterprise. There are more than 40 products in 5 categories available on 2 existing lines. The occurrence of traffic jams in this packaging line causes additional time to adapt the line to one product from one product to another. By installing a new line, it is possible to improve production capacity and improve productivity. It is desirable to set up a modern, economical, high-powered "KHS" (Germany) or SIPA (Italy). The above-mentioned proposals will help the company and brand to consolidate its position and competitiveness.

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