

## **Executive Summary – Swiss Brands**

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This work is about Swiss brands-trends and success. The first part refers to the problem; the definitions and the goals of the work will be set. In these days brands are playing a very important role. Even teenagers are wearing clothes of well known brands. In a wider sense people, events and places are equally well-known brands. The Spice Girls, the Olympic Games and even the Seychelles are as famous as IBM, Marlboro and Coca-Cola. Switzerland, known for its famous chocolate, banks and watches, is one of the top economies in the world. In various economical ranking lists Switzerland appears in one of the higher positions every year. The GDP per capita is one of the highest worldwide, the country is among the safest, when it comes to political risk and it is one of the least corrupt countries in the world, also the inflation is low. Beside that, Switzerland has a lot of well-known, global companies and brands. Nestle, Novartis, Swatch and Rolex are on everybody's lips. For this reason, the work deals with Swiss brands, their trends and success.

To understand the whole difficulty, there are going to be made a few basic reflections on the topic brand at first and the term brand will be explained. A brand is a name, term, sign, symbol, design or a combination of that, intended to identify the goods and services of one seller and to differentiate them from others. The main function of a brand is to mark a product or a service. But that is not the only function. Brands are rooted in the mind of the consumers. Consumers do not buy a product because of what it is, but because of what it offers to them. A brand has to provide functional benefits plus added values. So why does an organisation need a brand? Many of the consumer's decisions refer to their purchases, and the organisation wants to make it easier for us to choose by continuously reminding us of their existence. The level of brand awareness inside ourselves gets us to buy what is advertised. But, brand loyalty does not depend only on advertising. It also depends on after-sales usage and satisfaction, the level of involvement for a specific product and the perceptions and beliefs even before a product is even bought.

When the researching of a brand is concerned, which plays a vital role in the process of branding, information is quite critical, not only from the birth of a new brand, but

in the other phases of its life cycle as well. Tactical and strategic marketing methods are equally important for a brand, whether it is about the next advertising campaign or an assessment of performance and a sale forecast. First of all the health of the brand should be estimated. This consists of various factors: sales volume, consumers' loyalty, competition etc. Researches on brands measure at most three things: brand equity, brand strength and brand personality (all three are measured in this research on Longines). Brand awareness, usage and saliency have to do with the connection of the consumers to the brand. Quite often people use a product without knowing its name. This information needs to be collected and measured, in terms of knowledge and behaviour. Brand image and personality issues are more complex than just a quantitative measurement. The objective is to make the consumer link words, statements, images, sounds, smells and tastes to a specific brand. Brand image and personality are qualitative features and data should be collected in focus groups. User imagery is the user's perception of what the brand is like. This is particularly interesting to see why a brand has a large appeal to certain groups of people and disliked by others. This process is very useful for correct targeting. Once brand image is researched, there has to be an evaluation of what the brand stands for, if it has any negative links in the consumers' minds, which need to be eliminated, whether the intended perceptual position is still held, or has the brand been relatively repositioned because the competition has changed. The brands will have to be reinvented from time to time, they have to reposition themselves against the competition and maybe redefine their market segments.

A good market research provides useful information for the companies, which operate in a competitive environment. It is there to provide an objective method of consulting current and potential customers about what they want. As to the methodology in this work, there are three different kinds of market research. There is the desk research, which is an examination based on secondary data. Secondly, there is a qualitative research, which involves group discussions and in-depth interviews. And the third type is the quantitative research, which can be either a face-to-face interview, over the telephone, by mail or by observation. The present research in this work is a quantitative one with qualitative information. Furthermore, the researcher has the possibility to pick the people at random or, since the opinion of the population will vary according to the demographical and psychographical subcategories, that each

individual belongs to, we use the quota sampling method. That method classifies the population according to certain characteristics. As it is mentioned above, the quantitative research method consists of four principal types, the face-to-face (door-to-door), the telephone, the mail and the observation method. This research is conducted by means of face-to-face interviews. The purpose of the research is to discover the branding impact in the Swiss wristwatch industry on a specific brand—namely Longines. Longines is a classic, expensive Swiss watch with a history of over 170 years. It was the watch that Charles A. Lindbergh was wearing, when crossing the Atlantic Ocean by plane for the first time ever, back in 1927.

The population under research was defined as residents of Switzerland between the ages of 20 and 60. The method used was quota sampling, based on the demographic variables of sex, age and family income. Due to time limits, only areas of Zürich, Aarau and Luzern were examined. The final sample was consisted of 623 people. The data was collected on different days of the week and different times of the day, so that there was an equal chance for everyone in the population to take part in the research. The method used was face-to-face interviewing. A qualitative research of four groups of four to six people preceded the quantitative one as to formulate the initial questionnaire.

Concerning the research findings, it will become apparent, that Longines is a brand with a high awareness. The brand positioning is quite unexpected. It is identified as equally balanced between a modern and a classic watch, while its usage pattern was making it look like an every-day watch rather than the special-occasion type, that the company is aiming to promote. The consumers seem to have reference groups of the watches in the market. These reference groups are based on their price tags and consequently to the prestige they seem to carry and “lend” to their wearer. The groups are: Swatch, TAG Heuer and Rolex.

The satisfaction degree is very high for people, who bought their own watch, while for people, who had their watches bought as gifts, the degree is even a bit higher. It shows, that in general people are very comfortable with their watches. Nevertheless, consumers find it fault, if a watch does not glow in the dark or if it is not showing the current date or is not water resistant.

People change watches every 32 months. Cheaper watches are changed more often, expensive ones more rarely. For most people a watch is a necessity, therefore, its

primary use is to know the time. Many people have two or more watches. Usually they wear a better watch than their everyday watch, when they are attending a wedding or a professional meeting. People, despite of what type of watch they prefer, they all demand quality. Also, they will prefer a watch that comes with a warranty rather than one without. For younger people expensive watches are not very popular. It is more preferable to wear something trendy, to belong to a group. Also quite a number of the male population would not wear a golden watch, because it is regarded more as a jewel than a watch, and they consider it to be feminine. That is because gold makes the watch a piece of jewellery and women primarily wear jewellery.

In the interviews some people suggested, that they found most salesmen not adequately informed about watches. Specifically they said, that the salesmen did not know more than we would, if we saw a prospectus of the specific brand. Almost nobody admitted to being brainwashed by advertising. People said, that they would not be pushed to buy a watch just because it was being advertised. Regarding Longines' advertisement, a lot of the interviewed persons claimed to have seen it, but only a few could remember where.

Another point in the research findings is the data cross-tabulation analysis. It is used to show relationships between answers made for two survey questions. The responses from two questions are displayed in a table. In this work, it is decided to examine the satisfaction factor only of the brand we are interested in (Longines) and its five competitors.

To sum up, it can be said, that no market research can provide data that would replace decision taking on behalf of the managers. It is there merely to aid in the process. A good market research will usually provide the most appropriate data, but that does not in any way give a complete picture, as there is always room for misinterpretation by the researcher. Nevertheless, since a conclusion is needed for a thorough report, the Swiss brand Longines needs to be reinvented in the eyes of the consumers. That is a financially and timely burdening process, and it is in the senior management's hands of Longines SA to decide whether they want to take the risk at this time, or if they want to sell the brand to somebody else, who is more willing to invest in it. No matter which path is followed, action needs to be taken immediately, otherwise it will take considerably more time and money to rebuild the brand, and as its value decreases with time, it will be sold for less to the new owner.