

Spolutvorba při rozvoji image v automobilovém odvětví: Možnosti a omezení

Co-creation in the Image Development in Car Industry: Possibilities and Limits

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Abstract:

Purpose of the article The image, as a part of value for customer, represents a potentially important competitive advantage. A crucial problem is the way how it is developed. Value co-creation concept is an approach showing a new possible way of advantage building. Car industry is in the stage in which any new possibility of competitiveness development should be considered. This article shows how the problem of cooperation between company and its customers in developing image can be solved.

Methodology/methods: Fundamental accent has been put on qualitative approaches based on the case study research. Several techniques combining primary and secondary data have been used in this context – focus group and group discussion combined with respondent's preparation and recalling technique, deep structured interview, analysis of independent evaluation of selected product and questionnaire testing.

Scientific aim: The aim of the paper is to define the key points of model of image co-creation based on the specific approaches of image, strategy and competition and to present results of qualitative research of customers and companies views of image-type problems of concrete brands.

Findings: Results, which were gained in this part of the research, show that changes in the image development connected with changes of competition understanding and strategy implementation are necessary. Complex approach, which solves the development of all levels of image through co-creation, is complicated but possible. Image, built entirely by company activity, is not a sustainable concept because customers have growing share on its creation. Insufficient development of image as a part of customer value decreases any progress in evaluation of general value.

Conclusions: Although an application of the co-creation concept has significant potential, there exists many theoretical and practical limits of its application to be solved. Not only basic principles should be defined, but also changes in the approach to strategic management should be considered.

Keywords: Image, competitive environment, co-creation, advantage, competitiveness

JEL Classification: F23, L10, M14, M31

Introduction and research objectives

Practically anywise interpreted image creates an important alternative for the competitive advantage development from the point of competitive struggle. A general agreement in the issue of its importance – quite surprisingly – does not provide any unambiguous direction for the understanding of essential links. These can be seen namely on three levels. The first one is image itself, the second one is represented by the character of competition and the third one is then the method of image development. Generally, three levels of image can be distinguished, *i.e.* class image, product image (*i.e.* brand image) and corporate (company) image. Provided that any company focuses on the development and introduction of corporate brands, these activities should comply with overall image of such company, and such a process must be the part of corporate strategy. Such perception of the term “image” certainly demands corresponding understanding of competition. Especially as to the element of corporate and product image, the approach, distinguishing competition in the level of companies and products, can be identified as contributive. All three types of image are closely interconnected, and, in practice, they cannot be considered separately. Development of more levels of image can be united in the moment when a company tries to enforce itself within the framework of more levels of competition. The complexity of the whole issue is deepened by growing stress on the approaches involving customers in value formation. The image, as a fundamental component of the product, is undoubtedly an important part of such co-creation.

Image plays a fundamental role in the car industry. The customer is usually in the role of a pure consumer of the value offered by the car manufacturer. However, is this traditional concept sustainable? Examination of relations between three views – the competition view, the image view and the view of co-creation of value could provide a reply to this question. The goal of our research in this area is particularly to identify parameters of mutual relations between these three views and to specify a certain model of image co-creation in the given industry on their basis. Another step is generalization of the given model and a comparison of identified parameters and their importance among industries. The first research phase focuses particularly on the definition of the parameters of model of mutual links of image, competition and co-creation of the value using qualitative methods. Parameters shall be assessed by quantitative research in the next phase.

1. Methods

As regards the primary objective of the first part of presented research, the main emphasis was placed on the qualitative approaches coming out from the methodology of the case study research. Several methods, combining the application of both primary and secondary data, were employed in the context of this approach:

- Focus group and group discussion combined with respondent's preparation and recalling technique (Kaden et al., 2009, Woodside, 2010).
- Deep structured interview (Woodside, 2010).
- Analysis of independent evaluation of selected product.
- Questionnaire testing.

1.1 Focus group and group discussion

As the following table shows, the investigation was conducted employing three groups with rather different composition. Two meetings were arranged with every group. The structure of the first meeting involved the work with the questionnaire, containing 9 questions, and subsequent discussion. The participants were given 30 minutes to answer the questions. The following discussion was limited to two groups of questions. The first one was focused on the purpose and structure of the questionnaire. The second group of questions was aimed at competitive relations of both models, brands and groups, links between evaluated products and companies and, finally, their weaknesses and strengths. Course of the second meeting with the focus group contained both presentation of results from the first meeting and detailed discussion. Discussion had two topics. Results of the first meeting were discussed in the beginning and this part was followed by deep discussion of parameters of both models, approaches of both companies and their position on the market.

As the Table 1 shows, there is the prevailing representation of the age group 19–26 in our focus groups. The age aspect can be considered to be an important criterion in the given circumstances based on at least two reasons: first, age is related to the income category, experience with various brands or general knowledge of the car market. Second, value perception naturally changes in the range of material as well as immaterial values. As already mentioned, the goal is not formulation of conclusions, but a search of starting points for further survey. On the contrary, due to this reason, the narrowed age range of the focus group can be even an advantage. The given group can be taken as relatively unencumbered with experience and generally, from the strategic

Table 1. Characteristics of the focus group composition.

Criterion	Characteristics		
	Focus group I	Focus group II	Focus group III
Age	27–35	19–26	19–26
Sex	women/men – 10% / 90%	women/men – 50% / 50%	women/men – 40% / 60%
Group size	5	12	12
Nationality	Czech	Czech, Slovakia	Finland, France, Lithuania, Portugal, Spain, Taiwan, Turkey

Source: Own results.

viewpoint, it is a segment available for long-term formation and education by companies to a certain type of view up to the moment when the participant achieve the stage of becoming real customers. Thus, the focus group I represents a group with generally more decided opinions and more influenced by experience.

1.2 Deep structured interview

Respondents, involved in the structured interviews, were representatives of five small Czech car services operating in the Brno region. The duration of interview oscillated in the range from 1.5 up to 2 hours. Key questions followed the structure of the questionnaire used for the realization of the focus group. A greater stress was put on the professional evaluation of the level of brands and experience with co-operation with authorized services and sellers of evaluated brands.

1.3 Analysis of independent evaluation of selected product

The problem of objective evaluation of the quality in the particular case is clearly linked with the issue of measurability. The possible approach is the utilization of the evaluation of independent organizations. One of the most monitored and the most important is the report TÜV (Technischer Überwachungsverein – Technical Inspection Association).

1.4 Questionnaire testing

The first test of the applicability of questionnaires was its application in the focus groups. Another test was represented by a pilot survey involving sample consisting of 30 respondents. The composition of this group corresponded with the focus group III as regards the age and sex. As regards nationalities – 40% French, 30% Spaniards, 10% Finns and 20% from the Baltic states. The particularity of this questionnaire was the method, applied for the answering of questions regarding the evaluation of both models. Participants marked their evaluation of the vehicle Renault Mégane Grandtour and the vehicle Škoda Octavia Combi on the axis of the response variants.

The closer their evaluation to the symbol “☹”, the more negative their evaluation on the contrary, the closer to the symbol “☺”, the more positive evaluation of the particular model. A positive evaluation meant that the model fulfilled the particular criterion better from their viewpoint, or that could be valued positively from the particular point of view.

2. Theoretical background

2.1 Substitution interpretation of the competition

The connection of the competitors with completion in selling products is undoubtedly the typical understanding of competition. Attitudes delimiting competitors in this area differ as to their logic as well as to their depth. Porter's attractiveness model works with rivalry of the existing competition, with substitutes and the thread of new companies (Porter, 2004). The so called substitution interpretation of the competition can be assessed as very fundamental from the viewpoint of the brand image and the co-creation concept and – last, but not least – in the context of the actual market development. This uses the expendability factor from the viewpoint of the relation customer – competitor – product. Competition includes all real and potentially substitution offers that can be considered by the customer in its purchase decision process (Kotler). On this basis, four competition levels can be distinguished (Kotler):

- 1. Brand competition** – is the case when the company considers companies offering its customers similar products and services for similar prices as being its competitors.
- 2. Industry competition** – is the case when the company considers producers of the same class – product type – to be its competitors.
- 3. Form** – service competition – in this case, the company considers all companies offering the same service to be its competitors. This can also be understood as competitors being all those who satisfy similar needs of customers.

4. Race competition – this interpretation is by far the broadest as the company considers all companies competing with her for customer's money to be its competitors.

Kotler's expendability factor evidently corresponds with the distinction between consistent and inconsistent competitors (Donnelly et al., 1997, Small, 2011). The principle related to race competition was also defined by Drucker who described the trend of transfers in re-distribution of available incomes (Drucker, 2000). In both cases, this means stressing the need to take also companies with different orientation as competitors. This interpretation of the competitors offers broad chances to specify potential competitors that the company competes for the market position with. This interpretation of the company enables better identification of possible competitors on one hand and on the other hand the companies become competitors for companies who have not taken them as competitors yet. From the viewpoint of brand image development this means that the strength of the brand image must resist a much higher pressure than in case of mere aiming at the brand competition area.

2.2 Relation of company competition and product competition

Another question arising at specifying the term "competition" results from the discussion on whether the competitive advantage is rather related to the product as such or to the company itself (Klein, 2002, Burnaz, 2011). Klein declares that one must consider that a company can compete with a company and a product with a product. In his opinion, the question where the primary point of gravity of competition is, can be answered in two ways: the first attitude considers inter-company competition for to be primary and product competition to be its derivative. From this perspective it is decisive, when companies compete who has better outstanding features or sources, but it is reflected more or less also in the competitiveness of the product in the market. Also the attitudes based on RBV and basic competences are near to this conception. The second possible perspective understands the product competition as the primary one and competition between companies as something like an aggregate effect. The top management usually understands competition rather as the inter-company competition and lower hierarchy levels and traders rather as the inter-product competition (Klein, 2002). Another Klein's statement in this relation is important: whereas lots of theoretical procedures analyse competition in the

market at selling products, competition exists also outside this area, influencing clearly the company position in the market (Klein, 2002). Analogically, e.g. Connor states that companies usually compete in the scope of the industry or rather market sector or segment. Competition in the area of products is a function of how well the companies satisfy needs of their customers. However, all companies compete also in the source market. The competitive success of a company is a function of its performance in the product market, inputs and performance of the transformation process (Connor, 2003).

However, this, in principle simple distinction brings another problem with it – the question, what is the difference in the competition mechanism between companies and between products. Klein states that there is no reason to presume that it should be the same (Klein, 2002). He believes competition between products is the more tangible form of competition. The basic process includes individual customers deciding between competitive products when shopping. The principle is that if the customer decides to buy product A, he does not buy product B. This means in the sum that more sold products A result in less sold products B. This is the classical economic attitude to competition. The market with its lots of buyers and several producers is then considered to be competitive. The inter-product competition is a discussion subject in marketing. The idea that customers primarily do not decide between products, but between differing sets of features related to these products is important (Klein, 2002). As further Kaňovská and Tomášková state (2012), the market orientation also considers as competitor everything what directly or indirectly satisfies the need of a customer. Therefore, mere orientation to companies offering similar commodities is not possible; instead, all companies able to satisfy the particular need of customer must be taken into account. The orientation to competitors enables companies to capture a better image about the industrial environment and any possible threats; furthermore, it can offer a series of knowledge to make activities of particular company more effective. *I.e.*, the market orientation results in the improvement of company performance and establishment of competitive advantage.

Competition between companies and topics related to this represent an actual problem of present attitudes to strategic management (Klein, 2002, Hakala, 2011, Chang, 2012, Liu, 2011). Understanding of competition as complex rivalry between various business ecosystems can serve as an example. Companies must compete for investments and input factors as employees or material. But this inter-company

competition is neither exclusively, nor predominantly a market process (Klein, 2002). Klein delimits the attributes of non market competition based on this idea. He illustrates them by the situation when companies try to overcome entrance barriers. If company A succeeds, it does not mean that company B should not succeed by the same procedure. Company A has an advantage compared to company B, if it is able to overcome these barriers in a clearly more efficient way. Similar conclusions can be drawn in the case when the company tries to be “most innovative by building the corresponding culture, developing competences or build up knowledge” (Klein, 2002). Klein defines at least five forms of various attitudes to competition in this context – see Table 2.

2.3 Brand management

Vysekalová and Mikeš (2009, p. 94) understand image as a picture one develops about a product or a trademark and their features (either real, or imaginary) being the subjectively experienced imagination of needs that can be satisfied by it together with a content of certain expectations.

Generally, three image levels can be distinguished: category image, product/brand image and company image. All three mentioned image types are connected by a very close relation and they cannot be considered separately in practice. Together with them, also the company identity is formed.

If a company focuses on development and introduction of corporate brands, it is necessary that they comply with total image of the company and this

process must unequivocally be a part of the company strategy. Corporate brands must include unique values characteristic for the given brand and cover one or more identifiable characteristics (*e.g.* quality, technological innovations, interest in the consumer, global goal of the company or reliability and accountability). They differ from service or product brands by being considered to roof specific brands then controlled individually (Příbová, Tesar et al., 2003). Introduction of corporate brands compared to individual ones is something like an alternative for the company when entering the market and it can also prevent conflicts and potential cannibalism between trademarks within a company. Management of the corporate brand in the turbulent environment becomes a way how to build up stability, trust and difference in relation to various groups of stakeholders.

Rindell a Strandvik (2009) mention two attitudes of brand management, the closed source attitude and the open source attitude. The first one presumes that brand management is solely in the hands of company representatives. The other includes the customer into the process of brand establishment, which is, in principle, closely related to the co-creation conception – *i.e.* participation of the customer in value formation. These authors divide corporate branding into four basic dimensions based on whether the brand management is controlled by the company or not and whether the brand is dynamic or no changes occur. These four dimensions are represented by brand building, brand renovation, brand emergence and brand evolution, whereas the first two are based on closed sources and the other two on open sources (brand emergence is influenced also by other than company sources and the customer actively participate in it – understanding customer’s ideas about the brand is an important tool when co-creating the brand and in its confrontation with various public groups.)

An example of a company developing individual brands under the head of a corporate brand is the company HARTMANN-RICO. The brand HARTMANN is a part of all important product brands belonging to this company. Individual brands occupy top places in the segments where the company is active in a long-term perspective (Příbová, Tesar et al., 2003).

2.4 Co-creation and customer value

Prahalad and Ramaswamy (2005) consider the future of competitive activities in the new attitude to value formation: its basis is co-creation of value by collaboration of consumers and companies, the par-

Table 2. Competition forms.

Forms	Example
Market competition (Competition in the area of products to be sold)	Input factors Products Channels Finances Place
Primacy competition (Competition for the first place)	Innovation Creativity Patents
Competition hegemony (Competition for getting the influence)	Brand recognition Standards
Competition for performance areas (Competition in the area of organisation performance)	Productivity Quality
Foresight competition (Competition in the foresight and understanding area)	Choice of technologies

Source: Klein, 2002.

ticular individual being the focus. It is necessary to deal with certain elements of co-creation to be able to apply the attitude of value co-creation attitude with the customer. These elements include the dialog, access to information, risk evaluation and openness. Then the company has guaranteed marketability so that it co-creates a very highly valued product or service value together with the customer (Pralhad a Ramaswamy, 2005). The customer's co-creation model includes five phases (Aaltonen, 2010). The first phase covers conditions of the macro environment including economic, cultural and technological problems considered to ease collaboration of the production process. The second phase consists of three units – first the economic unit related to payment costs and decreasing the costs, second the psychological unit referring to the act on participation. These two serve as the motivation power. The third are social units related to social benefits. In the third phase, the consumer analyses costs and benefits and decides either to participate in co-creation or to ignore it. Economic costs include *e.g.* also consumer's time and non-economic costs as psychic effort. In the fourth, the activation phase, after the transfer to co-creation, the consumer chooses the level, on which he accesses the real co-creation process. In the final phase, the consumer assesses and compares goals with the value received.

The value for the customer can also be understood as customer's experience of co-creation and consumption (Aaltonen, 2010). Thus, this view stresses two items: first the actual co-creation experience being the basis of the value for the customers (Pralhad and Ramaswamy, 2005; Vlček, 2008). Second, use of products or services itself is valuable for customers, not only the purchased products. Prahalad and Ramaswamy (2005) consider the value for the customer shifting from the physical product to total co-creation experience. This experience includes participation in the product project preparation as well as other collaboration cases between the consumer, the company and a broader spectrum of (product) owners. In the opinion of the authors Hennigs, Wiedmann, and Klarmann, the customer perceives total value as a unit composed of several parts: financial value (economic benefit), functional value (basic benefit), individual value (identification benefit) and social value (social benefit) (Hennigs, Wiedmann, and Klarmann, 2012). The customer perceives direct monetary aspects as the sale price, discounts or various investments under the financial value. The perceived financial value is directly related to expressing the value in money and things given up by the customer to be able to buy the pro-

duct (Wiedmann, Hennigs and Siebels, 2007). The functional value refers to the basic usefulness to be brought by the product. It covers quality, uniqueness, serviceability, reliability and durability of the product (Wiedmann, Hennigs, and Siebels, 2007). The individual value focuses on personal orientation of consumption and deals with personal matters as materialism, hedonistic (pleasure bringing feature) and self-identification value (Wiedmann, Hennigs, and Siebels, 2007). The social value relates to perception of the benefit of individuals achieved by consumption of products or services recognised in the own social group as noticeability and prestige that can considerably influence valuation and tendency to buy and/or use brands (Wiedmann, Hennigs, and Siebels, 2007).

3. Research results

3.1 Focus group

The conclusions of the focus group were summarised on the basis of analysing the discussion records and valuation described in the used questionnaires. First group of results describe evaluation of respondents:

- What is the competitive relation of both models in your opinion?
 - Here opinions were not unequivocal and included the view feeling them as direct competitors (in the sense of brand competition) as well as the view that perceived one of the models higher (then the competitive relation corresponded rather to the industry competition understanding from the viewpoint of participants' perception).
- What is the competitive relation of both car manufacturers?
 - Car manufacturers are unequivocally understood as competitors.
 - However, an opinion distinguishing between total perception of the concerns and their brands appeared. The VW concern and its brands were valued better than the Renault group on an imaginary scale of car manufacturer level.
- Is there, in your opinion, some relation between the concern strength and success of individual brand models?
 - Importance was perceived mainly in case of the VW concern.
 - Relation was related mainly to technological development, image and possible collaboration of brands.
- What fundamental weaknesses have individual

models, car manufacturers and concerns in your opinion?

- From the viewpoint of research orientation, the principal mentioned aspects are mainly the higher price in relation to the concern and brands of VW and perception of lower quality in relation to the Renault group.
- Specifically negative in case of VW was perception of mutual competition among individual brands and models.

The key topic for formulating the conclusion of the second meetings with focus groups is the difference in replies to the asked questions between focus groups I, II, and III:

- The case is in principle the fact that groups I and II provided a more critical valuation of the Renault group than the internationally composed group III.
- However, members of group III found more often criteria, in which the Mégane model was perceived to be better than Octavia. This applies even for the area that was generally the domain of the VW concern, i. e. image or quality.
- Simultaneously, the difference between both models altogether as resulting from filled in questionnaires was relatively smaller than the difference presented by participants in the discussion itself.
- No group was informed about nature and composition of other groups. However, the opinion came up in the discussion on reasons of different valuation that the reason could be differences in participants' nationalities, particularly in groups I and II.

3.2 Deep structured interviews

In principle, the results of structured interviews corresponded with those results achieved within the focus groups. A perception of differences of both models, brands and concerns was demonstrated far more clearly. A traditional connection of "German" company with technique, quality, conservativeness, higher price and "French" with comfort, poorer reliability, specific concept of design and lower price clearly prevailed. No matter whether the difference was perceived as major or minor, it was clearly considered as principal, resp. highly significant to influence the success rate of individual models. Identically, the perception of continuous convergence of models, running through the whole market, *i.e.* not related exclusively to two evaluated models and companies, was convincingly demonstrated. The issue of substance is the fact that such convergence is not always associated with a gradual development

of brands perceived as weaker, but at least partially also with certain deterioration of traditionally strong companies. The deterioration is caused rather by the effort to decrease the costs even at the price of certain concessions. From the point of interviewed representatives of car services it was rather a general trend of behaviour of companies, not necessarily limited to the car industry only. An interesting feature was also the method in which the respondents presented their views on both models when asked for their advantages. Whereas a confident presentation of advantages prevailed for Škoda, a tendency to defend (Renault) the fact that the defects connected with the brand were not so strong as in the past was significantly demonstrated in case of Renault.

3.3 Independent evaluation of quality

Data collected the past 8 years were used for the evaluation and the cars aged 1–3, 4–5 and 6–7 years were assessed. The evaluation of the model Renault Laguna was added in below attached figures for the purpose of comparison. The reason is the fact that just this model was supposed to become a key model for the quality improvement in the company Renault for the years 2006–2009 (Renault Commitment, 2009). The Figure 1 shows the percentage of cars with a serious defect. From this point of view the difference of the model Mégane, compared to Octavia, is rather notable. The question is whether 2% represent or not a grave problem. Nevertheless, an assumption can be made that also in this case a similar effect as in the focus group and questionnaire testing can be demonstrated, *i.e.* even a slight difference would have a dramatic impact on the success rate of the model. As regards Renault Laguna, minimally from the point of official evaluation the company Renault succeeded in the radical improvement of its quality.

Previous statement on potential importance of even relatively slight difference can be supported by the Figure 2. This figure illustrates the difference of the position of Renault Mégane and Škoda Octavia from the point of total order of evaluation of all cars. The values are specified as a difference of order Octavia and Mégane; it means that a negative value shows a relatively worse position of the model Mégane compared to Octavia. For the evaluation of Renault the result is very negative, as the distance from Octavia is growing. In principle the same applies to all three evaluated groups of the age of cars. As a paradox, a positive trend was noticed in the group of 6–7 year old cars in the period from 2005 until 2010.

A massive improvement of the model Laguna as regards the percentage of defects was considerably reflected in the total order – see Figure 3. Neverthe-

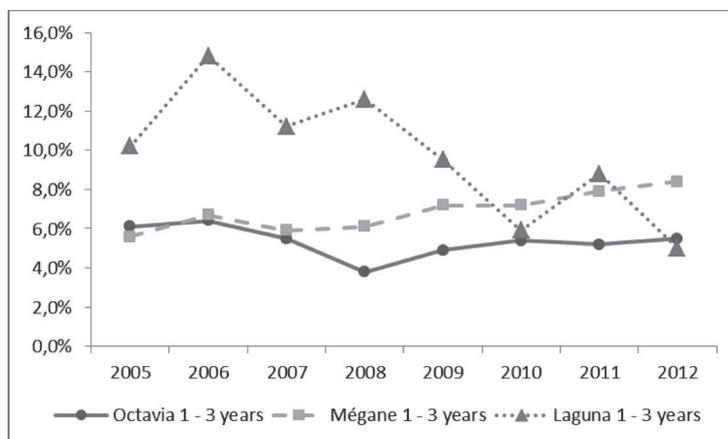


Figure 1. Percentage of cars with serious defect. Source: own on the base of TÜV data.

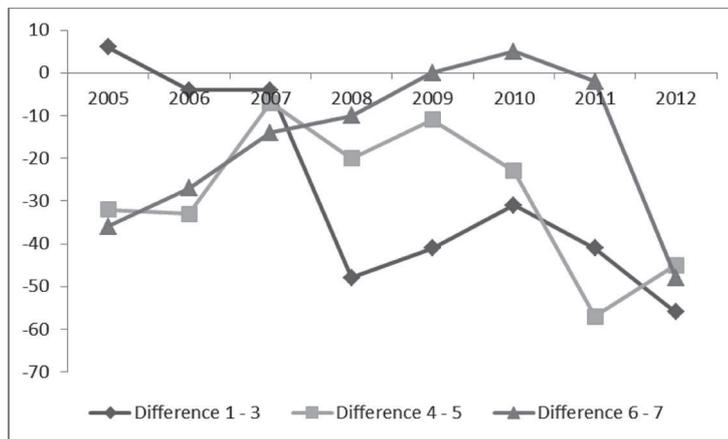


Figure 2. Difference of position of the model Renault Mégane compared to the model Škoda Octavia in TÜV evaluation. Source: own on the base of TÜV data.

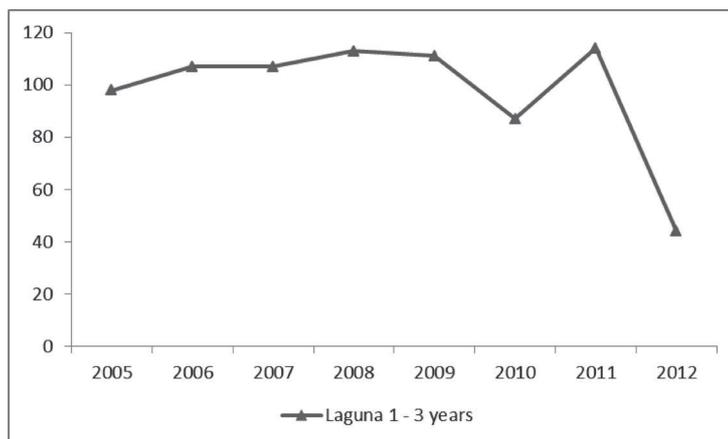


Figure 3. Development of total order of model Renault Laguna in TÜV evaluation. Source: own on the base of TÜV data.

less, the company was not able to reflect this improvement in the development of other models, in particular case model Mégane.

3.4 Questionnaire testing

Studying the table, an obvious fact can be found out, *i.e.* the results are influenced by the individual nationalities of group members. A.m. fact was demonstrated in generally relatively more positive evaluation of the model Mégane. Of course, it is not surprising at all. Far more interesting is the fact that the difference between both models seems to be relatively slight. Should this fact be proved also in further stage of quantitative research, such a conclusion would be rather essential for the needs of image development with the application of co-creation. It shall indicate that in spite of the fact that the difference would be rather subtle from the point of customer, it would still be rather significant. This

Table 3. Sample of results of questionnaire testing.

	Renault Mégane evaluation	Škoda Octavia evaluation	Difference	Evaluated criteria
Affiliation to group	57.8	49.9	7.9	D1
Length	57.7	55.5	2.2	D2a
Basic size of trunk	61.3	61.0	0.3	D2b
Wheelbase	63.5	54.5	7.2	D2c
Space in back seats	64.6	57.4	6.4	D2d
Family car	75.6	73.8	1.8	D3a
Car for entertainment	44.3	46.4	-2.1	D3b
Second car for the family	47.9	52.1	-3.8	D3c
The only car for the family	75.7	66.9	14.6	D3d
Car for work	51.6	53.1	-1.5	D3e
City car	53.8	56.7	-2.9	D3f
Price	57.8	54.2	3.6	D4a
Quality	65.6	62.5	3.1	D4b
Comfort	64.3	60.2	4.1	D4c
Use value	62.1	61.8	0.3	D4d
Driving qualities	61.9	58.8	3.1	D4e
Reliability	67.6	64.6	2.7	D4f
Representativeness	65.4	66.7	-1.1	D4g
Image attractiveness	65.3	56.3	9.,0	D4h
Price/performance ratio	60.6	61.8	-1.2	D4i

Source: Own results.

fact is even more significant based on the fact that it was demonstrated both in the evaluation of factually non-measurable criteria – D1, D3i-n and D4 i-n – and that which can be factually measured – D2 i-n. The result of above mentioned deep interviews with the representatives of service companies supports the idea of proving of this fact.

3.5 Description of the model

The starting premise of inter-connecting the image, competition and co-creation element relies on the combination of the following basic points:

- It is necessary to examine the perception of the relation product – model, company – brand and corporation – concern due to the need to develop strategic competitiveness on the company competition level as well as on the product competition level.
- If the pre-requisite is correct that the above mentioned relation is important, it is necessary to work with the corporate image level, the brand image, the product image and – last, but not least – with their mutual relations, when working on image development.
- The co-creation conception presumes participation of the customer in the value formation process. If image is a part of this value, then his participation is important on all image levels and all competition levels. One can assume, to some extent, that this importance plays its role without respect to whether the company works in a goal-oriented way with co-creation or not.

It is evident from the viewpoint of defining parameters of a model describing the brand image development from the co-creation conception viewpoint in relation to various competition levels that this attitude should have three basic carrying aspects:

- segment of the strategic level,
- segment of the image type,
- segment of the competition nature.

In principle, the segment of the strategic concept level specifies strategy levels in compliance with the generally accepted demarcation of corporate and business strategy. In the given case, the corporate level corresponds to the corporation and/or group roofing individual brands. These are then primarily related to business strategy. Thus, the product level can be partially connected to the level of functional strategies and/or with the marketing mix of individual products. In some measure, car producers of the range Volkswagen Group or Renault Group represent a classical example of the hierarchy of strategy with

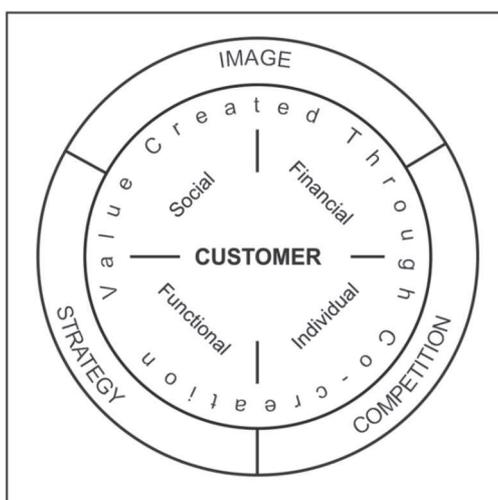


Figure 4. Model of strategic co-creation of brand image across various levels of competition. Source: Own results.

all its advantages and disadvantages. In spite of the fact that models of strategy applied by both companies are in principle very similar, their formal comparison shows a considerable difference in their efficiency. The setting of the significance of individual brands within the business concern, management of their co-operation or certain coordination of their competitive relations establish absolutely different conditions in both companies from the point of co-creation of image.

The competition nature segment must include two partial views – one is distinguishing the competition at the product and the company levels. The other uses substitution interpretation of competition. The problem of the first view is the fact that it is necessary to distinguish between the company as a brand and the company as a corporation. The stronger the position of the corporation, resp. its brands or products, is, or the stronger their mutual link must be developed, the more considerable impact to the image has the perception of inter-product and inter-company competition. This is an enormous problem from the point of co-creation. The identification of customer with factual product or particular brand is far easier than with corporation as such. Whereas a customer can perceive his link to a product as very positive, the link to corporation frequently evokes negative feelings. Application of the substitution interpretation has also certain pitfalls. Its primary orientation could be related more closely to the question where customers transfer their incomes, but it can be assumed that relation to the image element will be more important. Unclearness is related to the

brand competition expression from the terminology viewpoint where rather comparable products are meant. The applied terminology in the image area connects this expression rather with the business strategy level, whereas the product image rather corresponds to the given competition level. Also other two competition levels, industry and service, have an unequivocal meaning. The question remains how to include image into complex development. One of the possibilities is to perceive the product image relation in broader context as it can be assumed that purchase of a particular product – model can be related to its particular image, but also to image in the scope of the given industry and image from the viewpoint of fulfilling customer's needs. An alternative could be perception of image only on the product "category" level in the sense of the product type of nature of its use. Another problem is caused by the fact that the individual levels of image does not correspond optimally with levels of competition, but their mutual influence goes beyond these levels; in other words, they are demonstrated crosswise the perception of levels of competition. Therefore, a clear identification of the image, necessary for success in the particular level of competition, is somewhat difficult – see Table 4. It is connected with a rather diverse logic of the structuring of levels of competition and image. The identification of this interconnection is fundamental for the need of co-creation. The essence of problem is in the fact that the launch of a new product is primarily associated with a brand level of competition and corresponding level of product image. However, its success is naturally also influenced both by brand image and company image. If required success of a product exceeds the level specified by brand competition and impacts somehow *e.g.* industry competition, then the significance of necessary image can shift fundamentally from product to the level brand or company. A sensitive question is also the level of category image, which can be perceived in at least two different ways

Table 4. Problematic searching for the links between image and competition level.

Level of image	Links	Level of competition
Company	<i>Mutual links between image level and competition level</i>	Race
Brand		Service
Product		Industry
Category		Brand

Source: on the base of Vysekalová, Mikeš, 2009 and Kotler, 2001.

for the needs of co-creation. In the particular case the first approach is generally associated with the car as such, whereas the second one works with the perception of the individual classes, to which the models in the market are usually classified according to their formal properties.

The image type segment specifies the nature of image, the organisation works with. In the given moment one can assume that at least three levels should be distinguished – corporate image, brand image and image of the given product. The corporate image is connected to the corporation – group in the examined area. This level can be probably described only with several problems so that its perception will be rather broad. In spite of this, it is probably a very important factor. The brand image corresponds to the traditional understanding of this expression. The product image is related to perception of the particular model, in this case Škoda Octavia and Renault Mégane. This determination alone can be applied rather easily. Nevertheless, the serious problem is in successive actual finding of the method of co-creation of the individual parts of the value. Despite the fact that the perception of customer is significantly influenced by the activity of companies, a fundamental part of the image is situated – to a great extent – outside the scope of traditionally understood marketing tools. The problem is the fact that in case of cars the formation of functional value is closely connected with the company as such. It is a domain of development, technical innovations, production etc. The search for space for the involvement of customer in this area is difficult, and in the best case is limited to the development of various forms of feedback. Nevertheless, if such links do not work, then it is highly probable that the effort for the involvement in the social or individual fields (where the potential for co-operation is perhaps the greatest) would not work either. In this respect the financial value represents a certain scale, reflecting the success rate of the formation of remaining levels of the value.

4. Discussion

If we apply the conception to particular models examined in the scope of the focus group, we can unequivocally say that car manufacturers should primarily focus on the product level, its image and competition between products. They should make efforts oriented on support of individually models as products acting independently in the market. The affiliation to a concern should, if the concern image is not perceived positively, be only secondary. How-

ever, the fact that the group image is felt negatively should be alarming for the given car manufacturer and its efforts should be directed also on support of image improvement across the geographic location of the target segments. The connection of a strong concern background, its brands and individual models creates space for product competition itself (car models) that will not be influenced by their affiliation to the given concern in the market or will be influenced positively.

These results will be subject to further examination. The examination procedure of the defined areas will proceed on three basic levels. The first topic is behaviour of the companies themselves. First the matter is, how companies themselves feel and use the connection of the areas of strategy, image and competition perception. Qualitative and quantitative attitudes enable better specification of these relations. Another area is related to further research among customers. The questionnaire used for questioning in the scope of the pilot qualitative research part proved to be applicable for further quantitative research. Further research shall focus on whether the described differences have a fundamental importance and how they are related *e.g.* to age, nationality or experience of the customer. The third area to be specified in deeper detail for final definition of the given model is influence of external factors. Here, the success-ability conception with its interpretation of the competition space will be used. This covers searching for competitive relations and chains defining linkage of the factors of general and industry environment and their influence on strategic behaviours of companies. So perceived factors can influence the setting and importance of model parameters on the theoretical as well as on the application level in a fundamental way.

Seven pre-requisites have been defined based on the qualitative examination to be examined in deeper detail in the scope of focusing on the car industry:

- Important differences in the brand image perception exist in relation to a particular product based on the concern influence and the customer nature.
- Customers perceive real quality of the product and the product image and or various image levels in a different way. This is based on internal elements of the presented model as well as on external influences.
- We can identify external influences covering the general and industry environment as well as individual factor relations, if any that influence successful participation of the customer in the brand image formation process in a fundamental way.

Their influence is problematic particularly with respect to the fact that it is outside the “control” by companies.

- The need to develop image in a complex way through individual strategy level is related to the growth of industry competition influence compared to brand competition. This is related also to the growing lack of structuredness in markets connected – among others – to the growing strength of untraditional competitors.
- The key role in co-creation of brand image in the given industry is played particularly by individual and social value compared not only to the financial, but also to the functional value.
- Various scenarios operating with individual parts of the co-creation of brand image model related to strategy of individual companies can be found in behaviour of various car manufacturers.
- Focus of co-creation of brand image primarily to the product area leads rather to short-term effects that do not result in a sustainable advantage even in case of temporarily pronounced effect.

Conclusion

The key idea of co-creation is a different role of the customer in the value formation process. It can be defined as a suppression of the position of a mere consumer of the created value, offered to buyers by the company. The customer is not an external factor influencing the image development, but is perceived as a part of the whole conception. However, this formally simple specification has many substantial impacts both on practice and theory. Image, *i.e.* customer's perception of the product, brand or whole company considerably influences his/her decision to buy the given product or the competitive one. The goal of this contribution was to summarize basic pre-requisites resulting from the executed quality examination through the focus group and case methods in the area of car industry. Particularly it dealt with perception of the models Škoda Octavia and Renault Mégane by various groups of consumers.

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The examination revealed some substantial facts influencing the purchase decision of the consumer and competition between the above mentioned companies. These facts include particularly different quality perception of both models in various groups of respondents in dependence on customer's nature and factors that cannot be directly influenced by the company as such.

The whole conception was described with respect to the use of co-creation, *i.e.* engagement of the customer into formation of the company, product or brand image. The use of this concept is necessary in the car industry and companies should work with it when creating their image as it depends above all on the effect of those factors not belonging to the competence of the company. It is necessary to free oneself of the traditional conception when car manufacturers bring the customer already a “completed” value, and to find a new way of image formation. The car manufacturers should do it due to many reasons. The market saturation and the need to find new ways how to convince the customer about his/her need to buy a new car form a sphere of requirements that should be taken into consideration by companies: to offer high quality – to build a quality-based image – to produce really cars with higher quality – to innovate – to sell the new model to the customer in the shortest possible time after the previous purchase. If the company succeeds to engage the customer as a partner into solving this sphere, a completely new conception of value formation could be generated. However, the need to solve this problem does not concern only the car industry, but it must surface at least in all innovative industries in an analogical way.

Acknowledgements

This article submits the result of the project “Analysis of Approaches to Reach the Synergic Effects in Management and Marketing with the Emphasis on the Efficiency and Corporate Social Responsibility”.

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Doručeno redakci: 30. 10. 2012

Recenzováno: 29. 11. 2012

Schváleno k publikování: 17. 12. 2012

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