

Západočeská univerzita v Plzni

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Bakalářská práce

**Branding of consumer electronics: Comparison
of branding strategies for consumer electronics
by two companies operating in the Czech
Republic**

Milena Merhoutová

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Čestné prohlášení

Prohlašuji, že jsem práci zpracovala samostatně pod odborným dohledem vedoucího bakalářské práce a použila jen uvedených pramenů a literatury.

Plzeň, duben 2015

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podpis autora

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1 INTRODUCTION

In this thesis there is explained the term of branding strategy. In the work the author examines branding strategy of two famous consumer electronics companies, namely American Apple and Korean Samsung, and focus on differences between them.

The thesis begins with a concise introduction of the importance of consumer electronics, where the urge of being in touch among people came from, and where everything possibly began.

The two compared companies operating in the field of consumer electronics were chosen due to the fact, that nowadays they are rivals and both of them are perspective growing companies, which offer customers their products of consumer electronics such as mobile phones or laptops.

Firstly, within the issue considering branding itself, there is an introduction of the meaning of the brand and branding themselves. There are described terms which are connected to the topic of branding and which are necessary to be defined before comparison of chosen two companies. What makes companies so special about their usage of symbols and their ways of branding is written in the part following the theoretical part describing brand and branding and used strategies of branding. The difference between symbol and brand is also discussed.

The thesis focuses further on the branding strategies of Apple Inc. and Samsung and it points out contrasts of branding strategies of these two rival companies and also issues which are done similarly. It describes kinds of communication between marketing leaders and customers; it deals with terms such as brand equity, brand awareness.

Each of the presented company is well known and a lot of basic information can be found about the particular firm. The hidden features and feelings which are coming from the performance of the particular brand/firm are showed and examined in the thesis. The most common sources for this thesis are books concerned branding, then of course internet sources made by consumers for consumers and also writer's own impressions and researches of

those two companies. Specifically the impression of usage of their products such as mp3 player, mobile phone, and tablet in addition also influence of advertisements.

What has ensured the success of the brands and how it can be preserved are further areas which are examined. These two companies come from different continents, contrasting their philosophy of thinking and doing things. The companies are rivals in the both economy and technology fields. There are issues concerning which one came up first with some new features on its devices and which one has simply imitated, for instance the question of the shape of the devices.

The companies are introduced more in the part considering their branding strategies together in the practical part. Their brief history together with basic information is presented and some of the important facts are revealed.

In the practical part there are two questionnaires which sustained of questions which are connected with personal experience of users of products by Apple Inc. and Samsung. The questionnaires consist of typical questions which are frequently used by marketing surveys such as satisfaction with product or financial ability. The questionnaires are equal for each firm. They both were sent to respondents so as they have a chance to choose one of them or both of them according to their preferences. The results of the questionnaires are also a basis for the practical part mainly in the part where different branding strategies are discussed.

The answers of the questions considering the tools used for attracting and sustaining customers as well as their meaning and role in branding of consumer electronics are also placed in the thesis. Whether there is a unified way of gaining profits and loyal customers or if it is matter of time or just luck are also issues which are considered. Questionnaires can also help to find out whether the branding strategy of Apple Inc. or Samsung will be successful in expanding customer base.

So to summarise it up the main goal of this thesis is to focus on the branding strategies of these two rival companies which were chosen due to their position on the market and thanks to the fact that they are the most

valuable brands. A great amount of literature among the books as well as on the internet can be found about the rivals and it helped the author to observe and together with the results from the questionnaires to examine types of branding strategies which companies use on the market place and their impact on the consumers. Which one of the companies does the advertisement and the whole impact on the buyers successful is also the issue which is going to be considered.

In the part where are examined branding strategies of the both companies, it is firstly generally talked about companies and they are studied further according to criteria mentioned in the theoretical part such as usage of branding disciplines, whether logo or avatar was preferred etc. Firstly, it will be spoken about Apple Inc., secondly about Samsung and to conclude the results and the study the both companies are compared and analysed.

2 THEORETICAL PART

2.1 Beginning of communication, consumer electronics, IT

To speak about communication there are several types and also means through which information can be transferred. Firstly and the most progressive one is spoken word. It is evolving continuously. The spoken word can be captured by writing. Music, mathematics or science can be also considered as communicative system. People among nation understand each other thanks to unique system they use together. For instance English is lingua franca. English is spoken in the whole world. In case of transferring the meaning from one language into another one we can use help from interprets or translators. Every one of them will reproduce the information differently according to their skills and intellectual background, however, with understanding of the recipients and thanks to context the meaning will eventually come up.

In the very beginning of the Stone Age people were talking to each other through sounds and with use of mimics. They were using primitive language mainly to cooperate during hunt for food. Several hundreds of years they started to be more specialised in their daily routines and also started to improve their verbal skills. The primitive language was replaced by vocals, consonants and symbols which happened to make sense. People were communicating together. Members of tribes were talking about hunting or cooking at first whereas after that they were also discussing their building homes strategies.

After a certain historical events and evolve of society with every new era came different fashion trends in communication. Although there were huge contrasts in speech of high society and low class, communication between people was one of the mark that societies had in common. Everyone needed to express himself throw spoken language or just through writing essays, novels, poems.

The most of the people used for long distances letters for centuries. The letters were delivered mainly per some specially trained bird or servant with horse. It took really long time for a letter to get from its writer to recipient. Sometimes when there were not good weather conditions or when the bird was

sent from boat, it happened that the letter got lost. These situations caused a lot of troubles for people who were waiting for the message.

Nowadays, when the time is money, people mostly discuss their business and entrepreneurs will lose profits and opportunities if they would have to wait for buyers respond for days. Graham Bell was the one who broke through the communication technologies with his invention of telephone in Boston in 1876¹. It was enough for this era whereas nowadays it would be very stressful for working people to know that they have to sit next to the telephone and wait until it rings.

Another big invention which has completely changed the world is mobile phones. The first wireless mobile phone was invented in 1990 on December 23rd on the outskirts of Washington, D.C. by Reginald Fessenden. He was the first man who could transfer human voice via radio waves on the base of sending a signal from one radio tower to another.²

Why our society needs to stay wireless and to talk so much? People do not communicate with each other only about business matters. For instance especially women really appreciate a good friend to whom they can call at every possible time of the day. Via mobile telephones there are expressed different kinds of ideas, feelings, emotions, desires, jokes etc. But what about spreading ideas to a bigger group in comparison to speaking one friend on the other side with the telephone on his ear? To this purpose serves television, radio or internet. On the internet there is a lot of information to be found. On the internet you can search everything. Whereas it is thought that serious information you can hear via radio sessions. In the television during the time of the news there are popping up a great amount of advertisements. So sometimes it is more boring than interesting to watch television and catch the important information.

Thanks to urge of being in touch, the process of globalisation which has helped to financial and economic integration of market and free transfer of goods and service worldwide, plus start of modern technologies in the 20th century, it is possible and recommended to be connected with the world for the

¹ Alexander Graham Bell. (2015). The Biography.com website. Retrieved, April 20, 2015, from <http://www.biography.com/people/alexander-graham-bell-9205497>

² Strickland, J. (n.d.). Retrieved March 2, 2015, from <http://science.howstuffworks.com/innovation/inventions/who-invented-the-cell-phone.htm>

whole day. To this purpose serve consumer electronics such as mobile phones as intermediary of thoughts, televisions as way of broadcasting news and focusing on popular issues and yet very popular tablets with Wi-Fi connection to keep being updated with latest news and information.

On the market there are a lot of competitors offering consumers different types of electronics saying that this particular one is the most suitable for their needs. It is very important for consumer electronics companies such as Apple Inc. and Samsung to differentiate. To draw attention to the brand is one thing whereas keeping customer loyalty and being also constantly innovating is the most difficult issue to stay number one and to have competitive edge.

2.2 Differences between branding, marketing, rebranding

2.2.1 Branding

There are a lot of ideas and theories connected to branding which are going to be discussed further. But firstly to speak about these two terms and their difference it is known that a lot of entrepreneurs are mixing them together.

If you speak about branding it is a method of constant evolving of influence which particular firm has thanks to its brand. Branding is purely expression of company's impact and values of its product or service. It purifies what a particular firm represents and what does it not. When it comes to branding, it is simply the thing which pops out at first in customer's mind and which is connected to a certain emotion. Emotions could be emphasised through advertising campaigns. The main goal of branding strategy is to make products and services provided by a particular firm differentiated and attractive for potential and current buyers on the marketplace. Branding of consumer electronics follows the same pattern concerning particular strategies as branding in general.

For instance when it comes to Apple Inc. a symbol of bitten apple appeared to person who is asked. If it is a fan of the firm the idea of excitement follows. This is because in the commercial advertisements of Apple Inc. there

are a lot of smiling people who are showing to public that they are really happy with their brand new iPhone and iPad.

The feeling of disgust could appear as well due to fact that some people really do not appreciate, when company is showing constant happiness in their advertisement and when it comes to price of the products the company offers. To summarize it up branding is everything untouchable, but noticeable about a particular firm. It is inner feeling of the customer, an instinctive emotion connected to service or goods which are connected to firm. If these feelings and impact are felt among a group of people who try to identify certain things and also differentiate, it comes to branding. There can be several things which can look like they are the same but the difference between is understood well.

2.2.2 Marketing

Marketing is simply actively promoting company's product or service with all possible ways. The marketing process is a process in which goods or services move from concept to the customer. This process includes coordination of 4 elements called the 4 P's of marketing.³ The 4 P's cover identification and advancement of product, designation of its price, selection of possible ways to reach the customer's place, development and accomplishment of a promotional strategy.

Firstly, marketing is a tool with which a company can apply its branding strategy. Secondly, it is a method of thinking outside of the box and focus on customers' needs, to gain their maximal satisfaction. When we put branding strategies into practice, we experience marketing.

2.2.3 Brief view into marketing strategies of Apple and Samsung

Apple Inc. relies on the influence of the price of their goods. They use certain range of price for their goods to convince customers that they are buying not only a product but also high quality with technology so they are willing to pay a little bit more in contrast to Samsung which prices are lower due to

³ What is marketing? definition and meaning. (n.d.). Retrieved March 3, 2015, from <http://www.businessdictionary.com/definition/marketing.html>

cheaper materials they use for their goods. Apple Inc. also set different prices according to desires of their customers whether want more capacity on hardware for photos, music or applications or not.

In the matter of products the range of Apple's are less in compared to Samsung. Apple offers mp3 players, mobile phones, tablets and computers whereas Samsung's Electronics division with its other divisions offer on the top of it also televisions and watches.

When it comes to promotion, Apple proposes free calls and messages among iPhone and iPad users, aluminium structure in three versions, which evoke luxurious feeling and yearly update of software for free. The most important thing is customer service which operates in the system of replacing your old product with the brand new one when issues with hardware occur. Samsung's promotion techniques includes opportunity of free downloading of a great amount of applications on the Google Play store, cheaper purchase in relation to functionality and mostly a possibility of replacement of the battery. Batteries in mobile phones and tablets last only short time and it is really a good step to leave them freely for replacement with new one. This is really a huge advantage in the comparison to Apple's devices.

Apple's branches are located everywhere. There are a lot of authorised resellers' shops all over the world which sell only goods made by Apple. If a customer enters the store with a complaint, any kind of an issue or a question, a well instructed seller takes care about him. In these shops customers can also try how placed products operate or only buy components for already bought goods. Samsung has branches located everywhere but on the other hand the company prefers to have its products more reachable so you can find goods in every electrical store in shopping centres or mall. The both companies are advertising their services and goods on the internet or television. Samsung sponsors for instance athletes or football matches whereas Apple is usually seen in the serials or films when main characters use iPhone or iPod.

2.2.4 Rebranding

When it comes to branding it is also necessary to speak about its opposite – rebranding. To answer the question why sometimes circumstances lead to rebranding, there are several possible answers. One of them could be that a certain company does not discover who it really is, that it is forgotten, lost or just need to be refreshed. Questions such as whether is brand associated with something that has become meaningless should be asked.

Rebranding can mean following: “it is the process of giving a product or and organisation, in order to make it more attractive or successful. It also means to change or update the image.”⁴ Rebranding can be related to a change of the logo, the name, the product or the style of advertising.

If a company desires to change its brand this process includes creation of a new look or feel. Purpose of this acting is mainly to differentiate from competitors. The logo, name, packaging can be changed in matter of differencing it from the products of competitors. The main goal of rebranding is to change customer’s perception of a certain product or service by making it more attractive, desirable as well as appropriate to customer’s needs.

The process of rebranding includes campaign which requires renewing of the logo and further more things such as better quality control management, vision or new message for customers or investors, which will inspire them and make them see the company in a new bright light. Use of clever advertisement together with support on social media can produce a brand new identity and to bring attention back.

Not only firms which are sinking under the water need rebranding. In the range of the firms which renewed something are for instance Coca Cola with changes of its logo, McDonald’s with adding variations of salads to its menu and getting rid of the view of unhealthy restaurant chain or Old Spice with its advertisement of former NFL player Isaiah Mustafa riding a horse became unforgettable indeed.

⁴ Pioneers in dictionary publishing since 1819. (n.d.). Retrieved March 3, 2015, from <http://www.collinsdictionary.com/dictionary/english/rebranding>

There are plenty of firms which need rebranding the thing they have in common is that they paid attention to customers' concerns and responded with other products and services to counteract critics.

To speak concretely about Apple Inc., it was in 1997 there was heading close to bankruptcy, whereas nearly 15 years later stock price have gone from 6\$ to 350\$.⁵ This change was caused due to Apple's capability of producing elegantly designed products such as iPhone, iPod, iMac, iPad. Apple's products won public due to their well-made products with their beautiful packaging and functions of the products and staff in Apple's resellers stores.

2.3 What does branding capture

2.3.1 Origin of the word brand

The word "brand" comes from an ancient expression "to burn" due to its possibility to burn itself into customers' mind.⁶ What else could brand be? It is a product which bears a particular name (iPad, iPod, iPhone), the name of a company (Beats by Dr. Dre, Panasonic), customers' imagination of a product, brand equity.

2.3.2 The difference between logo, brand and avatar

A logo is an easily recognisable element of design which often includes a name, symbol, certain colours or trademark. It is a quick, visual representation of a brand's message and position. In the connection to Apple Inc. it is for instance an apple, whereas at Samsung it is a combination of a shape and letters.

A well designed logo should evoke some memory or any kind of emotion from the viewer depending upon their relationship with the particular brand. These emotions can be positive or negative as well. So a logo is a tool of

⁵ Aquino, J. (2011, February 10). The 10 Most Successful Rebranding Campaigns Ever. Retrieved March 7, 2015, from <http://www.businessinsider.com/10-most-successful-rebranding-campaigns-2011-2?op=1>

⁶ Healey, M. (2008). *Co je branding?* (1. ed., p. 6). V Praze: Slovart.

communication between company and customers, it represents brand. A logo is simply a graphic element with the name.

To speak about the brand, it is every interaction with and a marketing practice of the name or a certain design that concretely identifies and differentiates a business, a product, or a service provided by one company from another company. A brand includes the positioning, the messaging and communications. A brand can also include particular visual design which distinguishes it on the target market. A brand also can possibly have a voice of communicating company's visions to customers. A brand covers marketing strategy and promotions, the presence, and the experience which any individual has with the business, the product or the service through online or offline contact or simply in person. When it comes to brand, it is also experience which people have when they get in a contact with someone's business. Brand is the way of communication strategy that helps company to express their intentions and desires. And what is not a brand? Brand is not the product because brand is just a spirit of meaning surrounding the product. It is an instinct, a human feeling about a product, a service or a firm.

To gain customer's attention it is necessary for company to have well-planned logo and certain brand strategy combined. With this it is possible to reach public and deliver message of companies' products and equity. If the message is sent right, it attracts more attention.

The brand is not what entrepreneurs think it is because it is what customers think and feel about it. It is uncultured essence.

Nowadays companies also count on avatars instead of logos due to avatar's possibility of making impression of being alive. It is a movable icon which draws attention of customers. An avatar can also be found as an image which represents player in online game, chat room and can be moved from one corner of the screen to the other. It is only just alter ego of the brand.⁷

To answer the question why brands are so important in these days, the answer is simple. In the economics there is a great amount of companies which offer different kinds of services, goods and people are rushing more and more so it is necessary to distinguish good services/goods from the others which are

⁷ Neumeier, M. (2006). *The brand gap: Jak překlenout propast mezi obchodní strategií a designem* (1. ed., p. 8). Praha: AnFas.

not so useful or not suitable for customers' purposes. There is more information but less time and companies realised that it is significant for people to be a part of something. If people trust to producer they can buy the product immediately and start to worry after. So it is really necessary to attract customers and to evoke feeling of confidence.

2.3.3 Branding strategies in 5 disciplines

There are 5 disciplines in branding to avoid so called brand gap. The term brand gap stands for a metaphorical hole between company's strategy and its creativity. This particular brand gap obstructs to communication and competitiveness of a perspective company, which is for instance any enterprise which appears to customers as reliable and does have competitive edge as well as raise emotions.⁸

The *first discipline* relates to *differentiation*. An enterprise should state itself questions considering what services and why provide them. It is better to perform in a simple non complicated way. Nowadays there is a great amount of information to be filtrated. If a company would like to take attention to its products the visual perception is the most powerful one. With creating of one person orienting in graphical design can help. A graphical design works mostly with several goals such as to inform, entertain or persuade the public about any kind of information.

In case of the brand becoming or sustaining strong on the marketplace it is completely necessary to stay focused and to be concrete. The expert of cognition processes Edward de Bono advised to marketing workers that it is advantageous for a company to practise UBS which means Unique Buying State rather than USP meaning Unique Selling Proposition in the matter of the brand building.⁹ The USP is marketing oriented on customers.

Why is it so important to be different? It is thanks to fact that customers buying company's products want to belong somewhere. When the brand offers something special which evokes strong emotion that the firm understands, it

⁸ Neumeier, M. (2006). *The brand gap: Jak překlenout propast mezi obchodní strategií a designem* (1. ed., p. 10). Praha: AnFas.

⁹ Ibid., p. 38.

leads to the so called customer loyalty, when customers are reliable to the brand and keep buying its products or services.

To distinguish from other companies and their products it is necessary for every firm to keep in mind that well considered name of brand is important. The name should be expressive, accurate, easy to protect with patents or as registered mark and appealing. Attractiveness is the needed quality.

In case of choosing a product according to its attractive packaging over the other is so called "branding moment". This packaging won the customer due to making him interested, it evokes some kind of emotion and after the buyer compares it with other products he just needs to purchase this particular one.¹⁰

The *second discipline* teaches entrepreneurs to *cooperate* within the firm. Collaboration includes every sphere of the company beginning in management leaders through consultants, market research companies up to PR enterprise due to the fact that every piece of the chain is creating brand itself.

In accordance with the expert of the management Peter Drucker the most successful firm is one with the specialists who are willing and able to cooperate with each other.

To speak about ways of collaboration let name three of them. Firstly, it is outsourcing administration of a brand to full-service company, mostly to advertising agency. This way was really popular in the beginning of the 20th century of the very start of the branding, due to its effectiveness of one person as the leader. The disadvantage is definitely the fact that client leaves rights of his brand in hands of other person.

Secondly, it is outsourcing to a branding agency which makes a team of other companies which would participate on the leading of a brand. On the one hand, the brand can become more consistent, but on the other hand managing rights are in the hands of branding agency rather than in the hands of the customer.

Thirdly it comes to model of integrated marketing team in which branding is considered as temporary team work directed from the inside of the company. The advantage of this method is in ability of unifying of overall impression of the brand in different media. This manner of cooperation is the most valuable one

¹⁰ Neumeier, M. (2006). *The brand gap: Jak překlenout propast mezi obchodní strategií a designem* (1. ed., p. 90). Praha: AnFas.

and also the most effective one because the knowledge which was gained during the process stays within the firm. Whereas the disadvantage is that strong intern team is needed.

It can be said that cooperation within the firm and between the agency which firm collaborates with and company itself should bring quality as well as rate. Information spread is faster and each of members of the team knows what to do and how.

Nowadays it is really popular to practise so called Hollywood model. This model is made from organisations which build net together, cooperative net of free alliances in which each member is focused and specialised on their own job. The advantage of this system is to make values which results are providing services and products to customers through the mutual cooperation of the organisations.¹¹

The *third discipline* is considering the process of *innovation*. To persuade customers that providing services of a certain company are reliable a great deal of creativity is needed. The process of innovation ensures to companies their stability.

According to industrial designer Raymond Leowy it is necessary to have different point of view onto any issue which needs to be refreshed. He called this searched thing MAYA (Most Advanced Yet Acceptable solution) which stands for the most progressive from acceptable solutions. This look shows to public the world how it could look like instead of how it is seems to be.

Innovation can be compared to a long run. In the end of the race the result is surprising, shocking or just fine and the main goal is to get onto purchasers' mind and to stay here. During the innovation process it is necessary to keep different point of view such as from the side of customers. Customers should perceive the brand such as opportunity of comfort. They also have to be able to identify the brand, to distinguish it from the other brands. Purchasers often compare products of one firm with the other products offered on the market. For instance Apple Inc. is able to get into buyer's mind due to its logo of bitten apple which is lightening on the desktop of the computers and

¹¹ Neumeier, M. (2006). *The brand gap: Jak překlenout propast mezi obchodní strategií a designem* (1. ed., p. 62). Praha: AnFas.

which is on every its product displayed. The most recognisable and high quality on the marketplace are the leading ones.

The *fourth discipline* advises you to keep *verifying*. Checking up includes constant observation of the marketplace. With this activity should help many research agencies with their quantitative surveys ensuring getting of feedback.

The model of communication is based on the message from company (sender) which sends certain notice to the public (recipient) as a target group. Feedback serves here as an indicator of customer's satisfaction with service which company provides to groups which in the viewfinder of the firm are called focus groups.

The best method of research is to observe people in their natural surroundings such as when they are talking to each other about their feelings consequently from the use of any product. When people are behaving otherwise, more outstanding or uncertain, it comes to Hawthorn's effect.¹²

During the process of verifying companies are considering the ways of finding an appropriate idea plus how to use it optimally. With this process should help logo which is able to capture the right thought as well as handle the thought in an appropriate way. This signifies that sometimes it is not necessary to run several tests in several localities but that only one research could be enough if it is handled the right way which includes real questions or situations such as putting a brand new packaging of a product between other competitive products within one supermarket. Uncertainty comes with making surveys in a few cities but in practice it would be only such a waste of money if the company finances a lot of localities where the results should not show other outcome.

And what is matter for preparing a survey? A good brand product should appear as distinctive from the other ones and make impression of reliability. These qualities guarantee the product its memorability connected with concrete picture of product's design. So it is the purpose of the surveys and feedbacks to give answer about customer's desires, their positive or negative emotions. These results can help to design a product pretty well with attractive appearance.

¹² Neumeier, M. (2006). *The brand gap: Jak překlenout propast mezi obchodní strategií a designem* (1. ed., p. 110). Praha: AnFas.

The *fifth discipline* deals with *cultivating* due to the fact that companies are not just entity but they are also processes. Successful firms adapt market changes, branches, culture and economy. Firms need to be alive and highly flexible which cause that they appear on the public as living brand. In the companies which can boast living brands everything works within a system of cooperation not only between inner workers but also among customers and workers who are in touch with buyers because one issue can have impact on the other one. To speak concrete not appropriate behaviour of the receptionist which can cause that the customer will give negative feedback to all people he is in contact with and these people will influence other friends from their close relations and all of this has negative impact on distribution of firm's services.

To the cultivating of the brand belongs also possibility of the firm to cooperate with other companies or businesses, to share their interests or to keep satisfying current customers and to attract the new ones with the usage of promotions or special offers. Then it comes for instance to brand standards considering unification in the matter sizing and placement of the logo or website which are supposed to be uniformed and not to vary a lot.

An adequate combination of these 5 disciplines cannot assure firms that they will win competitive edge over their rivals but one thing which it can bring to them is a good ground for building a strong brand which will be able to differentiate on the marketplace from the others and to gain profits.

2.3.4 Other terms related to brands, branding

With the branding process are connected several terms which should be defined. These terms define brand itself, marketing strategies connected to them etc. There are a plenty of these terms and new ones establish, so the most significant are mentioned further.

Brand association is the naming of attributes connected to general product category. For example when someone is saying that he is going to get a new apple the apple can associate the bitten logo of Apple Inc. and the person is going to buy a new product from the firm. The same stands for getting next Galaxy, which means usually possession of a new smartphone from the Samsung's range.

Brand awareness refers to its possible recognisability of potential customers and its association with a concrete product. It is a primary goal of advertising during the first period of time the product being introduced to public. Creating of brand awareness is one of the crucial steps in supporting of a product. Keeping brand cognisance on high level is important due to fact that the brand with the highest brand awareness will usually get the most taking in comparison with the competitors.

Brand development index (BDI) is percentile expression of a brand's sales in a certain area in relation to the percentage of the population of this concrete area. BDI shows where sections of fundamental buyers live and helps direct marketing efforts.¹³

Brand equity is derived from goodwill of brand and its recognition over competitors' products is associated with the premium value of a firm that it got from a product with identifiable name in comparison to its equivalents. Due to differentiation of a particular product, brand equity can be created by its memorability and superior in the quality together with reliability. In practice brand equity involves a process when a customer is willing to spend additional money to buy iPhone rather than copycat product or product from the Samsung's Galaxy series.

Brand extension is a process of giving name to new products or services under the roof of one established and well-known brand. The goal is to serve to different needs of customers and to stay their first choice due to help of advantage of brand name which is already known and recognised. Brand extension also corresponds to brand equity because when it is positive it is a good time for the firm to expand its product line. Buyers will associate the new product with an existing, thriving brand.

Brand identity is all of the visible elements of brand such as logotype, name, symbol etc. These elements together identify and differentiate the brand in the mind of customers. Brand identity is a way to distinguish the brand from another brand in the perception of the customers.

Brand promise includes experiences which marketing campaigns try to connect with a product or a service within customers'minds. It is how the

¹³ What is brand development index (BDI)? definition and meaning. (n.d.). Retrieved March 7, 2015, from <http://www.businessdictionary.com/definition/brand-development-index-BDI.htm>

company commits to its customers, so it should define the entire business of the company as well as it should be connected to every aspect of the firm.

Cobranding is a partnership between at least two brands offering goods or services in the sphere of marketing. Cobranding covers several various types of branding partnerships for example sponsorships. It causes association of the brand of at least two companies with a specific service or product. This type of cooperation between companies can cause increase of sales or cash flow. This strategy is often used by restaurants, retailers, electronics producers.

Generic brand is a product with a lack of name, logo, it is not advertised, the packaging is usually not catching buyer's attention, so this product is not interesting for customers. These brands are cheaper than brand-name goods or services. They are devised to substitute more expensive brand name services or products. Generic brand goods are typically offered primarily to cost-conscious customers. They are placed in the range of supermarkets such as TESCO, Kaufland etc.

Brand management is a marketing tool that uses techniques to raise sensed value of a product line or brand per time. If the brand management is effective the firm can raise prices of provided products or services and build loyal customers thanks to positive brand associations or strong brand awareness. It is also necessary for the firm to have unified visions and ideas during the process of implementing marketing plans as well as understanding how brand compares to its competitors.

Halo effect is driven by brand equity which means that it is considering relationship for instance between the Mac notebooks and iPod. This means that iPod was a huge success so it is expected of Mac to be as well. This stands the same for Samsung and its watches. Halo effect is understood as a transfer of goodwill or positive feelings associated with one characteristic of a product/person to another for example person or products which are possibly unrelated

3 PRACTICAL PART

3.1 Apple Inc.

The company Apple Inc. was born in the crib of technologies Cupertino, California in the area of Silicon Valley. Apple was established on 1st April 1976 by Steve Jobs, Steve Wozniak and Ronald Wayne. The main purpose was to establish designing of the personal computers so the first name of the company was Apple Computer, Inc. due to its Macintosh computers and then it was renamed to Apple Inc. It happened in the January 9, 2007 due to the fact that it added another product lines to its range of products.

The company was originally established to create and invent personal computers. Its first well known products names were Apple I from the 1970's and then after a while Apple II was invented to be the first computer working with the Offices. By the end of the 1970's, Apple had a group of co-workers working on designing computers as well as its own production line. In the May 1980 Apple III was introduced to the public. In those days Apple's main rivals were IBM, Microsoft.

Meanwhile Steve Jobs was working on the project Lisa, a project of developing personal computers designed for wealthier buyers including strong graphical user interface. Unfortunately in 1982 he was due to his strong opinions and infighting about evolving of the Lisa transferred to another project called Macintosh which was meant to be a low-cost-computer project.

The two groups working on the projects were competing one with another about release date and in the end Lisa won. Nevertheless the project Lisa was failure due to its high price and limited software titles. In 1985 Steve Jobs left his own company due to the conflict of interest within the board mainly between Jobs and CEO at that time John Sculley. Then after a couple of years in 1997 the chief visionary Steve Jobs was asked to return. Those days Apple Inc. was facing very hard times. One year later he became a new CEO of Apple Computers driving the firm into its biggest successes from the iPod across the iPhone to the iPad.

Nowadays it is a company which establishes, develops and sells consumer electronics as well as own consumer software iOS. The best known

products are iPhones, iPads, iPods and Macs including MacBook Air and MacBook Pro. A new product which is going to be released during April is Apple Watch with function of receiving e-mails, alerting the owner on messages etc. To other services provided by Apple are counted iTunes Store which is an internet shop with music and films able to sell for its first year after being launched over 70 million songs, App Store where customers owning its products can purchase and download applications to run them in the iPhone, iPad or Mac and speaking of online service it cooperates with iCloud where users can back up their photos, music or documents.

Apple even offers to customers to pre-order from April 10th its brand new Apple Watch which will cost from \$349 for WATCH SPORT edition, through WATCH with prices about \$549 to the most luxurious edition WATCH EDITION with prices starting at \$10 000.¹⁴

According to Interbrand's Hitlist of the most valuable and influencing companies within the whole world of the year 2014 Apple is placed on the first place. Apple was able to gain this position with its 39.3 million iPhones, 12.3 million iPads, 5.5 million Macs sold in the latest quarter. Apple is in the leading position second year in the row.¹⁵

Apple's revenue is around 180 000 billion US\$ and its assets count around 240 000 billion US\$. Due to these numbers considering revenue the company is the second-largest technology company after Samsung Electronics Co. Apple Inc. is the third-largest mobile phones producer in the world with its rising popularity of its products among China citizens.¹⁶

According to Apple's design products and well-handled customer service has Apple Inc. a high level of brand equity among users even though after Steve Jobs' death its future was uncertain. The leading CEO Tim Cook together with his managing team and the team of designers including Jonathan Ive and other co-workers were able and still are able to strengthen the perception of the brand with capability of innovation and responding to customers' needs.

¹⁴ Apple Watch Sport. (n.d.). Retrieved April 20, 2015, from <https://www.apple.com/watch/gallery/>

¹⁵ Badenhausen, K. (2014, May 11). The World's Most Valuable Brands 2014. Retrieved April 21, 2015, from <http://www.forbes.com/pictures/mli45elfgd/1-apple-2/>

¹⁶ Apple revenue 2004-2014 | Statistic. (n.d.). Retrieved April 24, 2015, from <http://www.statista.com/statistics/265125/total-net-sales-of-apple-since-2004/>

Apple is on the one hand in the leading position of the sphere of the most valuable brands, but on the other hand it faces a great competition. Nowadays there are a much more consumer products than ever. For example companies such as Lenovo or Acer which have been inventing personal computers are today stretching their range of products which now includes mobile phones. These mobile phones are competitive due to their price mainly. They can send messages, make calls of course, but the main advantage is that their price is lower than the price stated by Samsung, Apple or any other brand company.

3.1.1 Branding strategy by Apple Inc.

3.1.1.2 General preview

Apple Inc. is a company with a lot of marketing secrets as well as well-known aspects or parameters of the new products right before they are going to be launch on the marketplace.

There are two groups of users of PC. One of them is comfortable with buying price friendly product which they use mainly for watching series or serials, for communicating on Facebook or mail and for creation of documents such as Word or Excel files. Then there are people who are more emotional or more demanding on request for graphical part of hardware and these people shop Apple computers. Even though the products from range of laptops and desktop computers are overpriced, people who adore Apple are willing to spend their money for electronics. These people are passionate and expect from the electronics to mirror their personality and to express their inner temper. The power of Apple is big enough to be able to do that.

Apple's brand has so strong influence due to its possibility to interact strong emotional reactions. So products arouse in people love or pure hatred. This is the main fact which Apple has understood and from that moment the company has focused more on the catching design assuring a strong brand loyalty among the consumers who are satisfied mainly with the design of the products instead of the quality of the hardware or existence of numeric keypad.

Apple's product owners have something in common, that is called collective individuality. In the second place there is a desire to be different from

the others in one way whereas in the other way people also like to be a part of something bigger. Apple has not customers but fans. Sometimes it is considered that people who adore this company are furthermore a part of some cult or a special kind of religion. In addition, owners can express their personality. It depends whether they have the newest one iPhone, iPad, iPod or other product from the provided range of goods as well as they can also choose a capacity of hardware and even colour. Nowadays there are three options instead of black and white/silver. There is also gold colour with the touch of luxury.

3.1.1.3 Further view into the branding strategy

Apple Inc. uses its own *logo* in form of a bitten apple. This logo is simple, bold and pretty easily recognised by people. The logo is used as well as a design element. It is minimalistic and it consists of filled whole shape surrounded by open space.¹⁷ In today's series of products it depends whether the customer buys a white product with a silver logo of the apple, or a black one which is little a bit darker, or a product from the brand new gold series with a golden symbol.

In the previous years it was designed by Steve Jobs and Ronald Wayne in 1976 and it looked like an apple with something written around but after that it appeared as a symbol of a bitten apple with a spectrum of colours in it in 1984. The logo has changed many times after the return of Steven Jobs.

The logo can be seen on the range of products, retail stores, on the web pages of Apple and even the workers in authorised resellers' shops wear it on their T-shirts. This symbol is well recognisable, simple and powerful tool in marketing.

For *differentiation* the company uses so called USP strategy which stays for marketing oriented on the customer. Apple is considered as emotional and cult brand due to its possibility to impress people and to cumulate people's emotions with their passionate relationships to possess the particular

¹⁷ See picture 2 in appendix 1

products.¹⁸ Apple is also able to give technologies a human friendly appearance and make their products to look attractive, which influence people to think that what is beautiful is simpler in its usage.

Apple transformed his previous products from useful into beautifully designed plus useful goods. They made from iMacs and MacBooks designer icons which everyone wants to possess and to place them into their offices or to have them standing on the table. Apple's packaging is so attractive that some people like to watch it and to show the others that they own it. Products complete people's personality due to the fact that majority of people have consumer electronics products.

In the matter of *cooperation* within the firm the co-workers are supposed to behave according to confidentiality contract signed between the company and its workers. In the structure of the company there are separate groups, which are working on their secret projects concerning software development, design of the products, hardware possibilities etc. The keeping secrets among employees and the way how company tightens public before launching a new product is extraordinary.

It is assumed that Apple Inc. is using the third model of collaboration, which consists of model of integrated marketing team and branding is directed from the inside of the company.

In the case of *innovation* the company is number one on the world marketplace. The proofs of this are its revolutionary products. In the year 1984 was released personal computer Macintosh which was the first computer offered to the ordinary people, then in the year 2011 followed iPod as music player which cooperates until now with the programme called iTunes where customers can purchase for the music with an amount around one dollar per song. In the year 2007 was launched the most innovative product which contains functions of computer - internet browser, iPod – music recorder and telephone – messages and calls all in one device in the form of mobile phone. After that the range of products was extended with iPads, Apple TV, Apple Watches and other.

¹⁸ Haig, M. (2006). *Království značky: Největší omyly a úspěchy všech dob* (1. ed., p. 132). Praha: Ekopress.

Next to the Apple's huge possibility of innovation there is its experience with *verifying*. Apple has an enormous brand equity and brand loyalty. Its platform is based on the principle of cooperation among its products in the matter of Bluetooth, sharing photos, sharing contacts or just the fact that iPhone users have automatically the possibility to write each other free iMessages. All of this and more causes that customers want to possess not only iPhone but the whole range of Apple's products. They would like to listen to music on the iPod, to work on their thesis on the iMac or watch films on the iPad. Some customers even buy every year a new iPhone to be always modern and to follow the trends. The fact that people are constantly buying new models of the products gives the company a positive feedback.

For customers it is also possible to give their feedback via Apple's website where are offered two possibilities to rate the services and goods, to write a complaint or a question. The buyers can choose from areas including downloads, specifications, etc. for virtual filling or to go for assisted support. On the web pages there is also opportunity to look for retail feedback to send to firm information about customers' experience at the Apple store. There are pages and opportunities to give feedback on the pages belonging to particular state.

Every year Apple comes with a new iPhone which is definitely better than the old one. It could be for example iSight camera which takes pictures of quality of more megapixels or just iPad with a new feature on it. These products are presented on the Worldwide Developers Conference (WWDC) colloquially called "dub-dub" taking place annually in California. The purpose of the conference is to showcase new software and technologies for software developers and it is accessible to the press. Apple is broadcasting the meeting worldwide and after that the public can find it on the YouTube or at Apple's official websites.

From the point of view of *cultivating* for Apple is essential which message the firm sends to the public as well as fulfilling the cultivating principles such as partnership with the Nike in the running application Nike+ designed for sportsmen/recreation sportsmen, accessible in AppStore or put in iPod Nano, then expanding to the China's market mainly with its iPhones to compete with

its imitation called GooPhone and also attracting new customers with new applications such as applications for sportsmen or afflicted people.

Another standard of the firm are the well-educated sellers in the authorised resellers' shops. In the area of the Czech Republic there is also assured particular comfort for customers. They are able to give them appropriate information on the products and supplements to products. Apple's customer service is on a high level. When the customer complains for example a mobile phone per a mobile operator, the operator provides to the customer another mobile phone during the time of the reclamation period.

Considering to advertisement campaigns, Apple Inc. do not perform sponsorship for others on the one hand but on the other hand it is usually seen on the TV shows as well as in the films when actors call among each other with the brand new iPhone or sent e-mails on their MacBook Pro.

Apple's first television advertisement occurred in 1984 and it was directed by Ridley Scott. During the past years Apple had other own advertisements for Macintosh or then for iPod known as silhouettes where dancers featured. In the last years Apple has been working mainly on the advertisements which are presented on their own websites. The advertisements are emotional and show people the possibilities which their products provide. There are commercials on the iPad, iPod, MacBook and the other devices. In the iPhone advertisements there are showed smiling people in good mood which all are using iPhones and they are having a great time with it due to sharing of photos, listening to the music or just taking pictures of friends or selfies. Apple's advertisements are optimistic and after seeing them you feel excited and you want to possess their products because with them everything seems to be easier and more beautiful. In the ad for new MacBook the main designer Jonathan Ive is talking about the design of a product and in the video the customers can see how the product works and how it looks inside.

Apple has a very strong *brand awareness* and *brand loyalty*. People associate the company with stylish, highly developed products. Apple's promise to the customers is to deliver them exquisite user experience which is commonly met with their great expectations. The customers who have used to

this standard continue on buying the products and bring the company gains from other users of their products because of the positive recommendation.

Apple's *halo effect* corresponds with its strong brand equity. When potential buyers possess any product they expect from the new product which they consider to buy that they will have the same user experience as they have had with the previous one. For example both company's iPhone and iPad run on the software which interface is the same so it is tempting to buy it and to know which features will come with the product. On the one hand Apple's products stay every time stylish, well designed, technically advanced and easily manageable. They work on the ground of software called iOS developed and improved also thanks to feedback of users.

3.2 Samsung

Samsung's story is quite different than Apple's. The name stands for three stars which represent something big, numerous and powerful. The company was founded in the 1938 by Lee Byung-chul as a trading company in South Korea with its headquarters in Seoul. Over next years the firm was dealing with food processing, textiles, different types of insurance and other products. Samsung started its consumer electronics business in late 1960s, to be more specific in year 1969.

Samsung industrial subsidiaries such as Samsung Electronics Co. or Samsung Engineering produce televisions, computers, washers and other household products or products from the range of consumer electronics such as nowadays often discussed mobile phone Samsung Galaxy S5, its personal computers or Galaxy Tabs with their brilliant resolution.

Samsung is with its production of products such as mobile phones, computers and special watches the world's largest information technology company by its revenue.

Samsung is the biggest rival to Apple Inc. in connection to its borrowing of Apple's ideas and patent war with allegedly an issue of trying to copycat their products or features of the products. Nevertheless the firm is successful with advertising budget of 3.86 million for the last year and brand value of 35 billion

by the Hitlist Forbes presented.¹⁹ According to the Hitlist revealed by Interbrand for the year 2014, Samsung placed at the 8th position in the list of the most valuable brands in the world on the place right after Mc Donald's and General Electric.

The company has a huge influence on South Korea's economy as well as politic situation or culture development. Samsung's affiliate companies produce around a fifth of South Korea's total exports.²⁰ Company's revenue was equal to 17% of South Korea's \$1.082 billion GDP.²¹

As it was mentioned the history of Samsung began in 1938 when Samsung was established as a small trading company by Lee Byung-chull. Firstly, the company dealt in groceries, mainly with their own noodles. After several years of prosperity, its headquarters were moved into Seoul in 1947. During that time there was the Korean War so it was forced to leave the town and started another business - sugar refinery in the town Busan. When the war ended, Lee built the largest woollen mill in the country in Chimsan-dong, Daegu and his company became known and competitive. After that Lee diversified Samsung into many areas within the range of industries considering businesses such as insurance, securities, retail. In 1947 the company was named as Samsung Trading Cooperation and the founder of the Samsung Group Cho Hong-jai invested financially in it. The two leaders merged companies together into Samsung C&T Corporation. Unfortunately after a couple of years Lee and Cho separated from each other due to significant differences including management issues and ideas. After settlement was Samsung Group divided into smaller units such as Samsung Group, Hyosung Group etc.

In the end of the 1960s Samsung entered into the field of the electronics industry. Certain electronics divisions were formed such as for example Samsung Electronics Devices and made the facility in Suwon. In those days Samsung's first product on the market was a black-and-white television set. Its first personal computer entered the Korean market only in 1982 and its name

¹⁹ Badenhausen, K. (2014, May 11). The World's Most Valuable Brands 2014. Retrieved April 21, 2015, from <http://www.forbes.com/pictures/mli45elfgd/8-samsung/>

²⁰ Ramstad, E. (2008, April 18). Samsung Chairman Charged With Tax Evasion. Retrieved April 5, 2015, from <http://www.wsj.com/articles/SB120840881836022393>

²¹ Daniel, J. (2013, April 9). Shell, Glencore, and Other Multinationals Dominate Their Home Economies. Retrieved April 5, 2015, from <http://www.bloomberg.com/bw/articles/2013-04-04/shell-glencore-and-other-multinationals-dominate-their-home-economies>

was the SPC-1000. The facility which firstly produced switchboards after the year 1980 became the centre of Samsung mobile phone producing. Together with Samsung Electronics Devices this division created Samsung Electronics Co.

After Lee's death in 1987 Samsung group was separated into four business groups – Samsung Group, Shinsegae Group, CH Group, and the Hansol Group.²² In the 1980s Samsung started to expand its business units around the world into Portugal, Japanese, England and etc. That time Samsung was focused mainly on research and development and started to be oriented mainly on the market with global electronics industry. The biggest area of foreign investment with its cost around \$13 billion is Texas with its Austin facility. This facility operates under the name Samsung Austin Semiconductor.

The most recognisable rise of the company came in the 1990s when company invested into several contracts and started to sell some of its subsidiaries and merged to concentrate on three industries: chemicals, engineering and mainly electronics. In 1992 Samsung became the largest producer of memory chips in the world. After that Samsung created its first liquid-crystal display screen used in televisions, mainly LCDs.

In comparison to other companies operating in South Korea, Samsung survived the 1997 financial crisis and nowadays it is one of the most innovative companies in the world. Samsung is considered to be one of the most innovative and constantly improving companies in the field of consumer electronics with its philosophy of evolving technologies to deliver the best experience of customers as well as to meet through its goods customer's desires and needs.

²² Hyun-joo, J. (2003, March 29). Samsung to celebrate 100th anniversary of late founder. Retrieved April 21, 2015, from <http://www.koreaherald.com/view.php?ud=20100122000028>

3.2.1 Branding strategy by Samsung

3.2.1.1 General preview

Samsung can be put into category of rising brands. Samsung was able to rise from its beginning in last century into the 8th position of the most valuable brands. It is one of the fastest growing companies on the world according to Interbrand. Between the years 2002 and 2003 brand value rose from 31% to 10.89 milliard dollars. In the year 2002 the firm competed with the rival named Sony, nowadays the firm is compared to its new biggest rival – Apple Inc. The most speculating issues between them are so called patent infringement suits known as (smartphone) patent wars regarding design of smartphones and tablets.

Samsung has evolved due to several facts including transition to the products of higher quality encompassing higher prices. It is a way called going upmarket. Its orientation is now on designed technological products from the range of flat TV screens, ultra-thin DVD recorders. The company has also entered the market with mobile phones with their beautiful smartphones. Before the firm did it, it did not have a reputation of the company which is neither prestigious nor higher span of interest.

In the previous years the company marched at a distance but in these days thanks to its approach to modern technologies as well as successful promotion of digital technologies expert reputation including a campaign named Digit All Experience it is in the leading position. Next to this Samsung is oriented on its brand owing to international campaigns with main goal to strengthen overall picture of the firm not only product range, which was Samsung doing before with advertisement of only concrete products, which caused it a lack of cohesive identity. Its appeals of improvement of the global profit led it for example to sponsorship the Olympic Games or athletes as well as other activities connected with sport.

Samsung's secret of success is its creation of the brand which includes centre of marketing strategy together with development of new products in addition with selection of distribution channels and communication within the

firm and between Samsung and the public. Samsung set the pace in the consumer electronics field.

3.2.1.2 Further view into the branding strategy

Samsung introduced its new corporate identity in 1993 in the connection to its 55th anniversary of the company. Samsung uses its own *logo* as well as Apple. The logo of Samsung consists of blue oval in which is written SAMSUNG with white capital letters. The logo looks dynamic due to its oval shape surrounded by space.²³ It is assumed that blue colour supposed to represent reliability, engagement in service, perfection, whereas white stands for pureness, elegance and prettiness. Due to the meaning of the word Samsung – three stars. Earlier versions of the logo featured three stars in various stars and colours.

In the matter of *differentiation* of Samsung, in the year 2010 was its strategy mainly oriented to the cost efficiency owing to the Asian Financial Crisis from 1997. This strategy succeeded due to variety of factors including customising of products mostly in the matter of design in combination of high technologies, plus it had enlarged product portfolio. The other important factor is also closeness of the Asian market, so the company has price advantage due to this aspect and due to its ability to offer customised memory chips that no other manufacturer is able to offer to the public. This advantage allows Samsung to command premium pricing for these special items. The company uses so called USP strategy which stays for marketing oriented on customer as well as Apple Inc.

To speak about company's pricing it is definitely cheaper than the prices of products offered by Apple Inc. Samsung's products are offered around 35% cheaper due to the cheaper labour in comparison to non-Chinese manufacturers.

It is also necessary to mention that Samsung has access to local talents to which it ensures sponsorship as well as its employees when they apply for PhD or MBA education. Samsung differs also with its means of advertising and

²³ See picture 3 in appendix 1

sponsorship as mentioned earlier. Samsung is going to sponsorship Winter Olympics in 2018, England World Club etc. The company sponsors the areas of sports including a lot of Korean teams so as teams throughout the globe, music or design. For the sponsorship can apply anyone but it is necessary to meet specific criteria requested by the company. It held every year 5-kilometre “fun run“ called The Samsung Running Festival which happens all over the world.

In the issues including *cooperation* within the firm it seems that employees are loyal and devoted to their work due to the success of the company. The chairman of Samsung Group is Kun-Hee Lee but its affiliated companies operate independently. The companies share the same management philosophy, code of conduct and also brand and corporate identity. CEO's of the subsidiaries have rights and responsibilities for independent decision-making on regular business issues. Samsung nurture its employees to reach their full potential through providing them with for instance the Regional Specialist Program which is a programme that teach employees to understand and experience local markets.

It is assumed that Samsung uses the same cooperation strategy as Apple Inc., the third model of collaboration mentioned previously, which consists of model of integrated marketing team and branding is directed from the inside of the company.

Samsung always *innovate* its products and services. Samsung draws its attention to three pillars of three P's including Product, Process, and People. Through its smartphones Samsung is able to bring to buyers unprecedented mobile experience. In the matter of process and people the company is able to bring to customers standardised operating system and stay close to its partners across the entire value chain.²⁴ In this structure based on three mentioned elements that are connected to each other is based the Samsung's innovative spirit and its philosophy of being leader of technological market with creating of superior goods and services that contribute to a better society throughout the globe.

²⁴ Samsung Electronics CEO BK Yoon Shares Innovation Strategy for the Future | Samsung Official Blog: Samsung Village. (2015, February 10). Retrieved April 13, 2015, from <http://www.samsungvillage.com/blog/2015/02/10/samsung-electronics-ceo-bk-yoon-shares-innovation-strategy/>

A huge source for innovation comes from the Research and Development of the company which consists of three layers. First layer is The Samsung Advanced Institute of Technology (SAIT) which deals with management of technology. The second layer contains R&D Centres of each business area to ensure the best focus on the technology expected to deliver long term-results. The third layer stands for Division Product Development Teams responsible for commercialising goods which are about to be launched within one or two years.

Samsung keeps always *verifying* to improve their goods and services. The main tool for giving the feedback by customers are definitely due to their website where buyer can visit the section for customer support and fill in the form. Customers can choose the version of language they speak because Samsung has translated web pages according to state where its retails occur.

There are also on the internet other possibilities to rate services providing by the firm. There are plenty of internet pages which are cooperating together with world companies and convey to them surveys filled in by public.

Web pages Samsung show to the public are excellent. Every customer is able to find there information about the company's philosophy or values. The main historical points or overview of the offered goods and services are also presented on the internet.

Firstly, if focusing on *cultivating* Samsung is oriented on global experts who can bring change and bring new business opportunities thanks to creativity and challenging. These experts take part in different types of schooling including leading a group of employees, knowledge about company and its goods with services being provided.

Samsung is also nurturing its employees with its opportunities to gain higher education and to be a part of the team working on new products. To speak about firm's annual meetings called Samsung Developer Conference, where the press is welcomed and issues such as giving information about smartphones, virtual reality, business opportunities, health or launching of new products are discussed.

The company has posted on its web sites advertisement introducing products which are new on the market place such as smartphone Samsung

Galaxy S5 with its fingerprint scanner or ability of being waterproof or dust-resistant. To other goods which are presented there belong for instance tablet Galaxy Tab or brand new Samsung Galaxy S6 which is curved and possesses a better quality camera.

Firstly, Samsung is able to show to the potential and current customers its philosophy described on its web pages which definitely makes its *brand equity* more recognisable. Products are showed and specifications described in the best possible way. Secondly, Samsung shows its devices in the films and advertisements, so it is easier to draw customers' attention to purchase the goods.

Public can find on the internet pages also information about divisions which are parts of the Samsung Group together with information about history of the firm and also its range of offered services and products. If a buyer wants to, he can also read about Samsung's visions for year 2020. In this particular vision Samsung's main goal is to inspire the whole world, to create a future in which will be covered information with medical insurance. In the matter of revenue the company plans to reach 400 milliards USD.

Furthermore Samsung is well known due to its possibility to be creative leader on the marketplace. It defines three pillars on which its system is standing including creativity, partnership, and extraordinary people. The company is also not detached from health care or biotechnologies.

In the matter of *brand extension* Samsung has for instance a lot of ranges of mobile phones. It is not only one smartphone launching every year, they launch more devices. Nowadays are being new released the brand new Samsung Galaxy S6, Galaxy J1 Duos with possibility of caring two sim cards, Galaxy Note Edge, Galaxy A3 which are expected to be successful as well as for Samsung Galaxy S series presented earlier. Buyers can choose from the products portfolio the best option which will meet their desires.

If it comes to *cobranding*, Samsung is working together with Google which gives it opportunities of free applications on the Google Play platform for downloading different kinds of applications. As for software Samsung's devices use Android software as platform for operating system whose versions are named after a dessert due to the fact that Android presents its possibility of

running on the consumer electronics devices that sweetens our life. These names are for instance jelly bean, lollipop etc.

3.3 Survey of branding strategies by Apple Inc., Samsung

To make comparison of the branding strategies by presented firms possible, it was necessary to conceive two questionnaires comprised of 20 equal questions for each company with options.²⁵ They were given to respondents via internet (Facebook, e-mail) per web links which were created after preparation of the questions.^{26,27} The group of respondents were able to choose one or the both of the questionnaires which to fill in according to their experience or preference. At questions requiring opinion, there was more than one answer possible. The number of interviewees is 80 people. It is assumed that respondents are current or potential customers of the particular brand.

In the beginning of the questionnaires there are general questions including age, gender, monthly income, education. Further there are examined opinions about characteristics of products/services provided by the firm owned by customers and their evaluation from the scale of 1 to 5 where 1 is being excellent. It was also examined if the potential/current buyer would buy products/services if the company wasn't branded and how respondents firstly met the firm. Stated were also questions concerning opinion about pricing, preferences where to buy products and asking for opinion what differentiate branded products from the others.

Questionnaire occupied with Apple Inc. was filled by 36 people, the one related to Samsung by 46 of those who were asked. The group of people who received questionnaires were respondents from author's family and relatives as well as friends and school colleagues. The youngest interviewee was 21 years old, the eldest one 57 years. The most of the respondents were in age around 22 years. In proportion of male and female their both results are quite equable.

²⁵ See appendix 2

²⁶ Branding by Apple Inc. - influence on the customers (2015, March 27). Retrieved April 3, 2015, from <https://brandingbyappleinc.netquest.cz/>

²⁷ Branding by Samsung - influence on the customers (2015, March 27). Retrieved April 3, 2015, from <https://brandingbysamsung.netquest.cz/>

Results of monthly income and education were the same for both researches. At Apple it was 56% for monthly income up to 5 000 Kč, at Samsung around 52%. In the matter of education, at both results was shown that interviewees have university degree or are studying at the moment. This stands at Apple for 89%, at Samsung 91% of those who were asked. About 60% of respondents think that branded products/services are definitely better than the regular ones and 56% respondents wouldn't buy products by Apple if it wasn't branded, whereas 63% of Samsung customers would buy it even if the company wasn't branded and known.

According to the results of Apple's survey it is obvious that for Apple's customers the most valuable thing for their products is to be well designed (86%) and its software interface (52%). For the other aspects in which Apple differentiates is its ability to ensure quality of customer service with which are 55% of respondents satisfied. The quality of services and goods provided by the company are considered by 50% of respondents as one of the valuable features. Respondents met the firm mainly via internet or thanks to recommendation of someone who has already had experience with goods/service provided.

Customers of Samsung met the firm through advertisement or mass media. Samsung users also prefer more branded products with characteristics considering design (73%) and software features (43%). The products which have had the respondents possessed were at Apple 70% mobile phones, 50% people have had experience with mp3 player and tablets. At Samsung the situation is different. The most customers have owned mobile phone (94%), tablets only around 18%. These products and services were evaluated by Apple 36% customers with number 1, at Samsung was the best rate of number 2 chosen by 48% of respondents. The 64% of Apple customers, 74% of Samsung customers usually buy the products on the internet or in the brick-and-mortar shops. In the matter of pricing it is obvious that Apple products are considered as overpriced by 83% of respondents whereas 85% of Samsung users consider goods manufactured by Samsung as adequately priced according to their function.

To speak about characteristics for which respondents seek the most, in association with Apple products to their mind come adjectives such as stylish (75%) and quality (56%). The worst was considered durability of the goods. From the position of Samsung buyers think the most about user-friendliness (58%), than they associated the goods/services with quality (47%) and they assume, that products value for money (44%), the durability of products was chosen by 27% of respondents. To question asked for the opinion what makes the firm different from other brand's product Apple buyers answered in 56% high level of customer service, 50% better quality. In the point of view by Samsung customers, the respondents were mainly satisfied with provided goods (70%). They were worried about Samsung's customer service the most (24%).

To examine brand equity of the companies, respondents were asked to answer whether they would buy a particular product by Apple Inc., by Samsung or by another brand. Apple customers would prefer to purchase smartphones (47%), tablet and mp3 player would they purchase from Apple (53%) or another brand (44%). PC or laptop they would buy at another brand (64%), obviously due to Apple's overpricing of the products. The situation with purchasing a laptop or PC is the same at Samsung customers. In the matter of smartphone, the buyers would consider Samsung (39%) or even other brand (41%). As for tablet, mp3 player the customer would prefer other brand than Apple²⁸ or Samsung.²⁹

3.4 Comparison of branding strategies of Apple Inc., Samsung

The both companies are publicly known as manufacturers of consumer electronics goods for Apple Inc. and Samsung as producer as well as consumer electronics, providing other services such as building of high-rise building, medical industry.

On the one hand logotypes used by firms are simple, but catching attention because their design is uncomplicated and non-disturbing. On the

²⁸ For complete results of the survey considering Apple Inc. see appendix 3

²⁹ For complete results of the survey considering Samsung see appendix 4

other hand Apple's logo is static and more concrete and people usually think about its history and ask if it has something to do with Newton's accident which led him to the definition of gravitation. Whereas Samsung's logo is more difficult to connect to a concrete object such as a piece of fruit in the case of Apple Inc.

Considering the fact that Apple is cult brand with strong customer loyalty to its products and brand awareness, it doesn't need any further promotion via advertisement on the TV or even though on the banners. Apple's products are showed in series, films. They are recommended from friend to friend. According to survey via internet that means for instance per Facebook photos showing quality of taken photographs, due to usage of applications installed which connects people around the world.

Samsung has also strong customer loyalty plus buyers are also aware of its brand. In contrast to Apple, Samsung is launching more products per year, there are more mobile phones offered by Samsung which target wider scale of consumers according to their preferences. The prices of Samsung products are considered as adequate to their functionality, especially in the matter of software and how does the product look are for Samsung's buyers the most important criteria as it is at Apple Inc. Samsung offers to the public in general definitely more goods than Apple. These products are considered as user-friendly and stylish. To speak about quality the both companies offer products with evolved software but in the matter of durability respondents aren't satisfied. This fact corresponds to an issue of customer's service which is considered as better at Apple Inc.

Apple and Samsung try pretty hard to win customers with technologies and mainly with meeting desires, needs of customers and making consumer technologies not only quality but even more stylish to meet desires of customers of being beautiful, simple and functional. Apple's voice on the marketplace is so strong that people who buy their products can be considered as its fans. Some may seem like they try to believe to a new addiction. In contrast to that Samsung competes with wide range of devices different prices, style, functions and pricing. Buyers can choose if the best option in relation of price to quality. In the product portfolio of Apple Inc. offered products are stylish, modern, of high quality but customer cannot customize them. It can be chosen of varieties of

size of hardware storage whereas at Samsung products, buyer can choose if he would like to possess a product with dual sim function or a product with a camera of more pixels. The internal storage can be increased via memory cards which are good accessible and price friendly. The main issue which is satisfied at both of the companies is a capability to evoke feeling of confidence among the customers.

The way how Samsung communicates with public is due to its web pages which are brilliant. Everyone can find information about company's history, products, philosophy, and management issues on them. The most powerful tool in communication with customers is through advertisements, banners, sponsorship of sportsmen. Both companies' CEO's are willing to provide interview to press.

The both companies are strong competitors and both of them are able to draw attention to their services or goods. Apple does it in way interwoven by secrets due to signing confidentiality contract. Even before last year's WWDC Apple released a picture where was written: "Wish we could say more".³⁰

Samsung as well as Apple are leaders of innovative processes on the field of consumer electronics. Both of them collect data from customers. The public can visit official pages where is possibility to get feedback, to ask for more information or help. Companies try to add to their products new features every time a new product is being launched. It is competing even though is something new added to the hardware by one firm as for instance at Apple speaking of finger print scanner, one year later appeared this feature at Samsung's smartphone but moreover with function of scanning more fingerprints than Apple's products offer.

In the matter of further possibilities of devices it is also important to mention differences between used types of software. Apple uses its own operating system called iOS which runs at every of its devices. In contrast to that Samsung provides to its customers software by firm called Android. This platform is open and it cooperates with Google which offers Google Play as a market of applications and possibility to download free or chargeable games, apps, songs etc. Samsung's software allows users to connect devices one to

³⁰ See picture 1 in appendix 1

each other whereas iOS is a closed platform which works on the principle of automatically sharing of photos, files, contacts etc. among users with Apple products. That means the users can use Bluetooth on devices run by Android to share their songs, files, photos etc. with each other but on the Apple products the customer can use Bluetooth only to connect with other Apple product. This is on the one hand disadvantage, because there are plenty of applications which are necessary to have if the user would like to be more reachable to the others and some of these apps are chargeable. On the other hand iOS software is more secure than Android, more resistant against viruses, because of the way it works. The inability of easy access force potential customers to ruminate whether to buy Apple's or Samsung's products. It seems sometimes to customers that Samsung's products are the ones which are easier manageable.

It is obvious at products by both of the companies that Apple is targeting customer's personality with names of products beginning with i such as iPhone, iPad, iPod whereas Samsung relies on the name of galaxy such as Galaxy S5, Galaxy S6 etc. In the matter of customer service of devices Apple stands definitely better. According to survey customers of Apple are not always satisfied with the quality of devices in contrast to customer service Apple is providing. When there is an issue on the hardware of the product, customer can reclaim it and usually he gets one new piece. To compare it to Samsung's customers' service, it is obvious that Samsung is trying to correct the defect during 30 days necessary for repairing it. In the meanwhile the customer is forced to use another piece of device and hope that the company will give him repaired device. Sometimes there is an issue with oxidation of the device or expired warranty of two years and there is nothing to be done more.

In the matter of cultivating or cobranding Apple cooperates with Nike whereas Samsung cooperates in with Android and Google. It seems that the fact that Apple uses its own software based on its terms corresponds with fact that it is a closed platform.

Speaking of rebranding there is mentioned that Apple needed to be rebranded in the year 1997 when the company was near to bankruptcy. In contrast to that Samsung sustained financial crisis of that year and became

stronger and more competitive. Rebranding of the logos is quite a usual issue which can be a result of the era evolve.

It is hard to tell which company is stronger, more competitive and which one stays behind. Apple Inc. is an American firm influenced by mentality of population living there whereas Samsung is a Korean company with mentality of Asian people and advantageous access to China market. It cannot be said if one firm is stronger than the other. Each of them has its issues which is willing to fulfil. As for Apple it is mainly to be number one of innovation, to make technologies simpler for customers, to humanise evolve of consumer electronics and make it attractive. To speak about Samsung the main goal is to keep its brand innovating and in the matter of time to reach the higher positions of the most valuable brands in the world in addition to continue developing user friendly devices with competitive features and high technology abilities.

Apple keeps his secrets so it seems that this is one of the most important facts which lead public to long for its products. A lot of surveys were held which shows that in the matter of possession of products there is a significant factor of being different. To speak about children who want to be different from the others especially adults it is completely understandable, that these children would like to possess Apple products. Their parents own Samsung products because their quality corresponds to their price whereas children want to have something which seems to be so called cool. The illusion of being cool is made due to the fact that Apple's products are often overpriced and not everybody is supposed to buy them, so only the chosen ones can get them. This could be the issue; the spirit of the firm which is driving public's attention to their offered goods. In contrast to that Samsung's motto is to deliver the best they can, to fulfil customer's desires and needs and according to survey it seems that the company is doing really well.

3.5 Personal experience

To speak about author's own experience she owns products belonged to both of the firms. She used to have a mobile phone and an mp3 player by Samsung. Now she possesses a tablet, a mobile phone and an mp3 player made by Apple. When she bought the mobile phone from Samsung firstly it ran

quite fine, then after the guarantee expiration, it did not work appropriately so she was forced to buy a new mobile phone. When she bought an iPhone it was another experience. The software was easily understandable, sophisticated, and intuitive. Unfortunately two months later she had to reclaim the smartphone, because the software did not work properly.

The author got her iPhone via operator, so in the period of time when the product was in service for only one week she used another mobile phone. In the reclamation centre they decided that it would be better if they give her a brand new piece of smartphone. When she asked after that her colleagues if they had had similar experience, the author was told that it was quite usual that the first mobile phone, especially bought right after it was launched, did not work properly but the next one did. She assumes that this is caused because Apple's developers are usually in hurry and they develop software until launching, no matter if it is completely correct.

It is a matter of preference which device will suit to a particular buyer but the author is aware of the strong brand awareness of the both of the companies. She has experienced brand loyalty of one of the firms and in the same time has admired and observed impressive work of the other one.

4 CONCLUSION

Both Apple Inc. and Samsung are two firms which operate on the field of consumer electronics. Samsung's area of influence is wider than Apple's, it manufactures not only smartphones or tablets, but it is associated also with televisions developing, cookers, refrigerators and other consumer devices.

In the field of consumer electronics the both of the companies deal with the public in other way. Apple is capable of making people feel that they are a part of something bigger when they buy their products. So it leads to customer loyalty to the brand. Consumers can feel that they became a part of the innovative company with a lot of secrets. Whereas Samsung's promise is to deliver the best they can. If the buyer has any questions considering history, firm's revenue, know-how the best way to find out is to visit their internet pages where everything is described and friendly presented. This fact causes that Samsung as a company appears for the public as a friendly company which is forcefully customer oriented.

The aim of the thesis is to compare branding strategies for consumer electronics by two companies operating in the Czech Republic which are Apple Inc. and Samsung due to their competitive relationship to each other. Firstly, in the theoretical part the beginning of the consumer electronics is mentioned, and then the thesis deals with the issue of branding. In addition to that there are presented terms defining brand, branding strategies and other terms related to branding. Secondly, in the practical part companies are generally presented, then there is described their strategy of branding according to the issues explained in the theoretical part and then the both strategies of companies are compared. Thirdly, the results of survey in the form of two questionnaires for each firm are discussed and compared.

This comparison led to discovery of characteristics and qualities which Apple and Samsung have in common. To these belongs for instance ability to present the company in the public as mysterious referring to Apple, whereas to speak about Samsung its appearance can be described as friendly and open to the public.

The results of the survey together with the comparison of companies in the practical part show that each company does its branding strategy in its own

way. Both Apple Inc. and Samsung are companies with strong brand equity. It is assumed that Apple's customer loyalty is stronger than Samsung's because Apple is able to attract the public on the base of emotional value whereas Samsung occupies marketplace with its highly improved technologies matching with their pricing.

The difficulties which the author had to face during the writing of the thesis were for instance developing of the questionnaires including making of the questions, clarifying of the issues discussed in the theoretical part and deciding what is considered as significant to be written about.

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6 ABSTRACT

The issue of the bachelor thesis is Branding of consumer electronics: Comparison of branding strategies for consumer electronics by two companies operating in the Czech Republic.

The author is operating with means concerning branding strategy of two competitive companies Apple Inc. and Samsung. As practical part is considered comparison of strategies by Apple Inc. and Samsung together with making an evaluation of results of questionnaires which content are questions related to field of branding presented to respondents who filled the questionnaires via internet.

The bachelor thesis is divided into a theoretical and a practical part. In the theoretical part there are defined terms and methods concerning brand, its building, and examples of successful ways to reach a stable brand on the Marketplace. The practical part includes comparison of branding strategies of Apple Inc. and Samsung according to the terms defined in the theoretical part and subsequently are also presented results of the questionnaires. Even personal experience of the author is not missing, which is also considered as a practical component of the work.

7 RÉSUMÉ

Téma bakalářské práce zní Budování značky spotřební elektroniky: Srovnání strategií budování značky u dvou společností fungujících v České republice.

V bakalářské práci se autor zabývá způsoby týkajícími se budování značky u dvou konkurenčních firem Apple Inc. a Samsung. Jako praktická část je považováno srovnání strategií Apple Inc. a Samsungu spolu s vypracováním a zhodnocením výsledků dotazníků, jejichž obsahem jsou otázky týkající se oblasti budování značky prezentované respondentům, kteří dotazníky vyplnili prostřednictvím internetu.

Bakalářská práce je rozdělená na teoretickou a praktickou část. V teoretické části jsou definovány termíny a postupy týkající se značky, jejího budování, příklady úspěšných cest k dosažení stabilní značky na trhu. Praktická část zahrnuje porovnání strategií budování značek Apple Inc. a Samsungu podle termínů definovaných v teoretické části a následně jsou také uvedeny výsledky dotazníku. Nechybí ani osobní zkušenost autora, která je taktéž považována za praktickou složku práce.

8 APPENDICES

Appendix 1 – Pictures

Appendix 2 – Questionnaire

Appendix 3 – Graphs

Appendix 4 – Graphs

Appendix 1
Pictures

Picture 1: Invitation to the WWDC 2014



Source: Keizer, G. (2014, August 28). Apple makes Sept. 9 event official, hints at more than iPhone 6. Retrieved April 19, 2015, from <http://www.computerworld.com/article/2600184/apple-mac-apple-makes-sept-9-event-official-hints-at-more-than-iphone-6.html>

Picture 2: Current logo of Apple Inc.



Source: Schamisso, B. (2012, April 24). Apple-inc-logo. Retrieved April 20, 2015, from <http://medillmoneymavens.com/2012/04/24/live-blogging-apples-q2-conference-call/apple-inc-logo/>

Picture 3: Current logo of Samsung



Source: Chew, R. (2012, September 17). Samsung Galaxy S IV will be announced in next MWC Event on Feb 2013, with 5" display [Rumor]. Retrieved April 20, 2015, from <http://www.rickychev.com/2012/09/17/samsung-galaxy-s-iv-will-be-announced-in-next-mwc-event-on-feb-2013-with-5-display-rumor/>

Appendix 2

Questionnaire of branding strategy of Apple Inc./Samung - influence on the customers

1) Age

2) Gender

a) Female

b) Male

3) Monthly income

a) 0 - 5 000 Kč

b) 5 000 - 10 000 Kč

c) 10 000 - 20 000 Kč

d) 20 000 Kč and more

4) Education

a) elementary school

b) secondary school

c) university

d) further education

5) *Do you think that products made by brand company are better quality ones than so called regular goods?*

a) Yes

b) No

6) *In your opinion what makes the branded products different from regular goods?*

a) software

b) hardware

c) design

d) usage

7) *Have you ever heard about company Apple Inc./Samsung which is operating in the sphere of consumer electronics?*

a) Yes

b) No

8) *How did you first met the firm?*

- a) via advertisement
- b) via internet
- c) via recommendation from someone known
- d) from massmedia

9) *Have you ever possessed any product or service from the range of Apple's/ Samsungs' products/provided services?*

- a) Yes
- b) No

10) *If so which products of Apple/Samsung have you owned?*

- a) mobile phone
- b) mp3 player
- c) laptop
- d) PC
- e) tablet

11) *When it comes to Apple/Samsung which of the following things come up to your mind?*

- a) stylish
- b) quality
- c) service
- d) user-friendliness
- e) durable
- f) value for money

12) *What is the quality which makes Apple/Samsung different from other brand's product?*

- a) high level of preservation of personal information
- b) better quality
- c) high level of customer service
- d) satisfaction of products/services provided

13) *How would you rate Apple's/Samsung's services/goods on the scale of 1 - 5, where 1 being excellent, 5 being poor.*

14) *What do you think about prices of Apple's/Samsung's goods or services?*

- a) goods/services are overpriced
- b) goods/services are underpriced
- c) goods/services have adequate level of price according to their function

15) *Where do you usually get your consumer electronics products?*

- a) on the internet (Alza, CZC)
- b) brick and mortar shop (Electroworld, Datart)
- c) authorised reseller (iWant, iSetos, Samsung store)
- d) operator (T-Mobile, O2, Vodafone)

16) *If you are considering purchasing of the smart phone, at which brand would you prefer to buy it?*

- a) Apple Inc
- b) Samsung
- c) Other brand

17) *If you liked to buy a laptop or a pc at which firm would you buy it?*

- a) Apple Inc
- b) Samsung
- c) Other brand

18) *If you liked to purchase a tablet or a mp3 player at which company would you prefer to get it from?*

- a) Apple Inc
- b) Samsung
- c) other brand

19) *Do you think that provided goods and services by Apple/Samsung are worth to be the particular price they are offered to?*

a) Yes

b) No

20) *Would you have still count with buying a product/service by Apple/Samsung if it wasn't a branded company?*

a) Yes

b) No

Appendix 3

Graphs including results of the survey for Apple Inc.

Appendix 4

Graphs including results of the survey for Samsung

Source: Netquest.cz - online dotazník. (n.d.). Retrieved April 5, 2015, from <http://www.netquest.cz>