

---

---

# Competition Forum

---

---

Vol. 13, Number 1, 2015

ISSN# 1545-2581

---

---

**Competition Forum**



**A S C**

American Society for Competitiveness  
Publication

---

---

---

---

**Editor in Chief:**  
**Managing Editor:**  
**Editors:**

Abbas J. Ali, Indiana University of Pennsylvania  
Helen Bailie, Penn State University - Altoona  
Robert C. Camp, Indiana University of Pennsylvania  
Prashanth Bharadwaj, Indiana University of Pennsylvania  
Katlyn Mertens, Indiana University of Pennsylvania  
Kyle Petak, Indiana University of Pennsylvania

**Assistant Editor:**

### **Editorial Board**

Sami Abbasi  
Suhail Abboushi  
Felix Abeson  
Phillip W. Balsmeier  
Jayanti Bandyopadhyay  
Hooshang Beheshti  
Raymond Cox  
Frank Duserick  
G. Scott Erickson  
Kamal Fatehi  
William Fitzpatrick  
Margaret Goralski  
Balaji Janamanchi  
Ali Kanso  
Roger Kashlak  
Hamid Khan  
Stephen Knouse  
Michael Kosicek  
Monle Lee  
Carl Malinowski  
Douglas McCabe  
Ananda Mukherji  
Nadia Abgrab Noormohamed  
Shakil Rahman  
David Ramsey  
Sharaf Rehman  
Ramesh Soni  
Robert Stone  
Aysar P. Sussan  
Ziad Swaidan  
Nikolai Wasilewski

Norfolk State University  
Duquesne University  
Coppin State University  
Nicholls State University  
Salem State University  
Radford University  
University of Northern British Columbia  
Alfred University  
Ithaca College  
Kennesaw State University  
Villanova University  
Quinnipiac University  
Texas A&M University  
The University of Texas at San Antonio  
Loyola University Maryland  
Our Lady of the Lake University  
University of Louisiana at Lafayette  
Indiana University of Pennsylvania  
Indiana University of South Bend  
Pace University  
Georgetown University  
Texas A&M International University  
Salve Regina University  
Frostburg State University  
Southeastern Louisiana University  
The University of Texas at Brownsville  
Indiana University of Pennsylvania  
RNS Management Group  
Bethune-Cookman University  
University of Houston – Victoria  
Pepperdine University

# COMPETITION FORUM

Volume 13(1)

2015

## TABLE OF CONTENTS

### PART I – STRATEGY AND GROWTH

- Impact of Organizational Culture on Trust and Commitment in International Joint Ventures (IJVs): An Empirical Investigation** 1  
*Sameer Vaidya, Texas Wesleyan University*
- Five Propositions Regarding Scenario Planning's Problematic Claims** 11  
*Pedro S. Hurtado, Texas A&M International University*  
*Jyotsna Mukherji, Texas A&M International University*  
*Ananda Mukherji, Texas A&M International University*
- The Network for Manufacturing Innovation: A "Tipping Point" in U.S. Research and Development Policy?** 18  
*Thomas A. Hemphill, University of Michigan- Flint*
- Implications of Technological Advancement in Global Competitive Market Capital Structure of Manufacture and Services Sector in Mexico: Panel Data Analysis** 23  
*Juan Gaytan-Cortes, University of Guadalajara*  
*Joel Bonales-Valencia, Universidad Michoacana of San Nicolas de Hidalgo*  
*Antonio de Jesus-Vizcaino, University of Guadalajara*
- Micro Level Competiveness of Manufacturing Export SMEs from Michoacan, Mexico and Jaen, Spain between 2008 and 2010** 29  
*Andrea Tafolla Manzo, Universidad Michoacana of San Nicolas de Hidalgo*  
*Odette Delfin Ortega, Universidad Michoacana of San Nicolas de Hidalgo*
- Comparative Analysis of Right to Try Access to Innovative Emerging Healthcare Technologies** 35  
*John C. Cameron, Pennsylvania State University*
- The Impact of Environmental Uncertainty, Strategic Marketing Activities And Strategic Orientation on the Financial Performance of Entrepreneurial Firms** 46  
*Jyotsna Mukherji, Texas A&M International University*  
*Ananda Mukherji, Texas A&M International University*  
*Pedro S. Hurtado, Texas A&M International University*
- Growing a Firm's Resource Base Over Time** 58  
*Michael L. Pettus, Susquehanna University*
- An Analysis of Export Specialization and Competitiveness in the Indian Sugar Industry** 63  
*Sheetal, Guru Jambheshwar University of Science and Technology*  
*Rajiv Kumar, Jambheshwar University of Science and Technology*



<b>Evaluation of Cluster Competitiveness: Review, Framework and Methodology</b>	75
<i>Pragya Bhawsar, National Institute of Industrial Engineering</i> <i>Utpal Chattopadhyay, National Institute of Industrial Engineering</i>	
<b>America and China in Africa: Future Competition or Cooperation?</b>	92
<i>Larry Bridwell, Pace University</i>	
<b>The Success of Global Supply Chains: An Exploratory Analysis</b>	99
<i>Prashanth N. Bharadwaj, Indiana University of Pennsylvania</i>	
<b>Brand Value and its Effect on the Financial Performance in the Mexican Stock Market's Food- Processing Industry</b>	108
<i>Jose Sanchez-Gutierrez, University of Guadalajara</i> <i>Gloria Yaneth Zapari-Romero, University of Guadalajara</i> <i>Juan Gaytan-Cortes, University of Guadalajara</i> <i>Jorge Pelayo-Maciel, University of Guadalajara</i>	
<b>A Study on Brand Strength Analysis</b>	113
<i>Upasana Diwan, Birla Institute of Technology</i> <i>D.D. Chaturvedi, Shri Guru Gobind Singh College of Commerce</i>	
<b>Drivers' Impact on Entrepreneurs to Start a New Business: A Comparative Study between Egypt and the U.A.E.</b>	127
<i>Sayed M. El Khouly, Ain Shams University</i> <i>Mohamed AbdElDayem, Ain Shams University</i>	
<b>PART II – TRADE AND ECONOMIC ISSUES</b>	
<b>Genetically Engineered Food and Genetically Modified Organisms</b>	136
<i>Omid Nodoushani, Southern Connecticut State University</i> <i>Jayne Sintay, Southern Connecticut State University</i> <i>Carol Stewart, Southern Connecticut State University</i>	
<b>The Green Energy Sector</b>	142
<i>Omid Nodoushani, Southern Connecticut State University</i> <i>Isaline Van den Abbeele, Southern Connecticut State University</i> <i>Carol Stewart, Southern Connecticut State University</i>	
<b>Trans-Pacific Partnership- Commentary</b>	148
<i>Suhail Abboushi, Duquesne University</i>	
<b>Relationship between Economic Freedom and Stages of Development</b>	154
<i>Sayed ElSayed ElKhouly, Ain Shams University</i> <i>Mohamed Gamal Amer, Asec Automation, Egypt</i>	
<b>Trends in the Motion Picture Industry Provide Opportunities and Challenges For Accountants: Tax Credits, Crowd Funding, and Global Partnerships</b>	163
<i>Linda A. Hall, The State University of New York at Fredonia</i> <i>Jayanti Bandyopadhyay, Salem State University</i> <i>Heather Mowat, The Bonadio Group</i>	
<b>Forward Contracts: Islamic Salam versus Conventional Call Options</b>	169
<i>Osman Suliman, Millersville University of Pennsylvania</i>	
<b>PART III – DEVELOPMENT AND CHANGE</b>	

---

# Brand Value and its Effect on the Financial Performance in the Mexican Stock Market's Food-Processing Industry

Jose Sanchez-Gutierrez, University of Guadalajara  
Gloria Yaneth Zapari-Romero, University of Guadalajara  
Juan Gaytan-Cortes, University of Guadalajara  
Jorge Pelayo-Maciel, University of Guadalajara

---

## EXECUTIVE SUMMARY

*Today, the commercial value of a company exceeds the book value in accounting terms; this is an indication of the brand value. To measure the effect of branding strategies on financial performance represents a challenge and a valuable activity for making business decisions in a competitive global environment. This research proposes a measurement that considers the Mexican corporate stock market for the food-processing industry.*

Keywords: Brand Equity, Brand strength, Brand valuation

## INTRODUCTION

As intangible assets are becoming more relevant for companies, they are seen as key elements for managing companies in order to improve their market share (Enriquez, Revah, Cruz, & Romero, 2010).

Consulting companies have developed models to measure brand value in order to offer them to enterprises that need to know how much their brand is valued and to establish their commercial value in order to facilitate decision-making for marketing strategies, as well as to acquire and /or merge companies more effectively, thereby achieving a more solid growth both locally and globally. Creating models that fit all sectors is a challenge, as a series of factors have to be considered. However, identifying the brand effect on financial performance is part of the development of competitive advantage and therefore continuous business growth.

## LITERATURE REVIEW

According to Kotler (2009), a brand can be defined as a name, term, sign, symbol or design, or any combination of these, and helps to identify the goods or services from one seller or group to another and to differentiate them from their competitors. For many theorists of marketing, this definition has a clear emphasis on the financial potential through intangible assets (Keller, 2009); that is, the brand must be considered not only as the iconic image of the organization, but as an asset that provides monetary value.

This new wave has generated branding techniques that have become a reality in organizations; however the concept has long existed in a practical way and in real terms. The purpose is to generate value in the product or service from the brand and the impact on the assessment that the consumer makes acquiring them (Hillyer & Tikoo, 1995). For branding, many organizations add elements that provide key attributes that favor the growth of their own brand value (Kalpesh & Kevin, 2002), making the brand exceed the company and becoming a benchmark of end users before they decide to purchase, generating more defined patterns about customer reaction at a time and in a much more predictable space (Lury, 2004). But

mainly, what makes a brand a valuable asset is the equity that can represent consumers due to the construction of internal added value attributes given to it (Dioko & So, 2012).

The past two decades have strategically shaped branding, so that the foundation is not only of value creation, but a cohesion of objectives where the brand is the result of a combination of departmental efforts in a company (Horan, O'Dwyer, & Tiernan, 2011). However, these departmental efforts must take into account the constraints and adverse conditions generated from inside and outside of organizations (Wong & Merrilees, 2005), so a strong brand communication strategy is undoubtedly required to develop strategic bridges that promote a positive perception of all involved in intentionality brand. Therefore, companies have understood that brand building's only real purpose is to increase sales of a product or service generated (Calabro, 2005). These organizations may take into account extrinsic factors to build a more powerful brand that increases sales, provides financial stability and improves competitiveness in the market.

## **BRAND VALUE**

The intense rivalry situation is very important, not only to outperform competitors but also to create a product that has a completely unique value (Virvilaitė & Jucaityté, 2008). Knowing the most feasible strategies to achieve organizational goals through the brands is undoubtedly one of the most analyzed and exploited topics (Chu Keh, 2006).

According to Haigh (2010), the intention knowing the brand's monetary value is based on increasing the market share of the company. It is in this way that some organizations have devoted their efforts to establishing a methodology to measure how the product and the brand are related and affect the market value of a company (Ruenmon & Pattaratanakun, 2012).

## **METHODOLOGY**

It is important to analyze the quality of data and the sources. This applies also to the statistic process, regardless of whether a descriptive or inferential study shows people's opinion, as the responses and interpretations are as extensive as the techniques and procedures used to arrive at those results (Tukey, 1962). Because of this, the instrument used must have a scale where consumers show their feelings in terms of numbers, thus the ability to display the probabilistic trends as expressed on the brands analyzed.

Prior to developing the questionnaire, it was necessary to identify the brands in the food sector that would be part of this investigation. The three basic criteria used to select brands and analyze them were:

1. The active securities companies that are trading from 2000 to date. Information available on the website of the Mexican stock market were analyzed.
- 2.-Companies considered in the transformation and food industry.
- 3.-The companies must be without interruptions in the stock market during the study period.

Information was derived from the first quarter of 2014, where the financial statements published of the organizations studied was located, being the most recent and closest to the application of market survey data.

The organizations of the food-processing industry, which according to their positioning in the market, empirical recognition and retention in the stock market were considered as objects of direct study, are:

- a) INDUSTRIAS BACHOCO S.A.B. DE C.V.
- b) FOMENTO ECONÓMICO MEXICANO S.A.B. DE C.V.
- c) GRUPO BAFAR S.A.B. DE C.V.
- d) GRUPO BIMBO S.A.B. DE C.V.
- e) GRUPO MODELO S.A.B DE C.V.
- f) GRUPO INDUSTRIAL MASECA S.A.B DE C.V.
- g) GRUPO MINSA S.A.B. DE C.V.



h) GRUPO HERDEZ S.A.B. DE C.V.

These companies are based in Mexico, have investments in the country and provide stock capital for Mexican investors through national securities institutions. 888 surveys were applied and the questionnaire used the Likert scale.

## ANALYSIS AND DISCUSSION

Cronbach's alpha is a coefficient that measures and determines the calculated internal consistency reliability (Gliem & Gliem, 2003). The results can be seen in Table 1.

**TABLE 1: QUESTIONNAIRE RELIABILITY TEST**

Cronbach's alpha	Surveys
.969	888

The result of Cronbach's alpha can be interpreted as the estimated internal consistency. Considering that it is only a proportion of the variance, the study was defined as the actual estimated variance. As expressed by Brown (2013), the ranks ranged from 0.00 to 1.00, meaning unreliable or very reliable respectively. Thus, Cronbach's alpha for this study was 0.969, which in real terms means that 96.9% of the variables were random and reliable,

Hypothesis 1. The market perspective on the brand value impacts positively on the ROI.

The hypothetical construct proposed that consumer perspectives on brand value, impact positively on the return on investment, referring directly to corporate data studied and published in the Mexican Stock Exchange during the first quarter of 2014. The analyzed variables were:

Independent variable:  
Market perspective – Brand value

### INDICATORS

- Brand awareness
- Quality Perception
- Brand positioning
- Brand identity

Independent variable:  
Financial perspectives – Financial performance

### INDICATORS

- Return on investment (ROI)
- Return on sales (ROS ó RSV)

For the relevance of this study, an initial factor analysis of the items in each of the groups that make up the variable brand equity in order to obtain only those who will be most representative was made and thereby got the best elements to contrast against Return on Investment (ROI) and return on sales (ROS), shown in Table 2:

Table 2 shows that only the four best responses, this is one for each group that makes brand value taken, shows that the values were grouped, ascending to descending, so that it was possible to contrast values against the return on investment (ROI) in order to generate a linear regression showing how it behaves in each case and thus obtain a result for the hypothesis.

**TABLE 2: FACTORIAL ANALYSIS OF THE MOST REPRESENTATIVE FACTORS**

KEY	ITEM	VARIABLE	VALUE
B1	I am familiar with the following corporate brand.	Brand awareness	0.0581
D2	This Brand is attractive	Brand attractive	0.0459
E1	This Brand give me status	Value related to competition	0.0219
C3	The probability that this Brand products are reliable is high	Products reliability associated with corporate branding	0.0135

Hypothesis 2. Brand awareness is the factor with more return on sales impact.

For this hypothesis, the same criteria was used, like in Hypothesis 1. The most representative items were compared with the return on sales obtained from data published by the Mexican Stock Exchange considered.

The results are:

► H1 – rejected

ROI = .035 - .002 Awareness +.001 Quality -.001 Positioning

Note that in the above result, variable identity is not presented because it did not reflect significance. The result reveals that the only indicator that impacts positively on the return on investment (ROI) is the perception of product quality, as the other indicators are negatively impacted. This indicates that consumers perceive the better the quality of food produced and/or marketed by the brands analyzed, the greater the effect on the profitability of their companies.

► H2 – accepted

ROS = .102 + .004 Awareness + .001 Quality - .002 Positioning + .001 Identity

This result shows that brand awareness is the indicator with more return on sales impact, showing that the more you know the products, the tested brands will gain a greater increase in the return on sales. In relation to quality and identity, the affect is smaller and positioning does not impact positively on the ROS, which is very consistent since positioning a brand is an activity that generates long-term results and measured variables were short term.

## CONCLUSIONS

This study is a tool for measuring the effect of an intangible asset such as a brand and what effect it has on financial performance. In other words, it allows us to measure the effect of analyzed variables and identify their effect on the financial performance of a company such as ROI or ROS.

Calculation Model: Financial performance =  $\beta_0 + \beta_1$  Brand value

It states that the formula proposed by each unit increases the variable value brand in the increasing financial variable.

The main limitation of this tool is the financial information, due to the lack of access of the numbers of analyzed companies. The formula specified above can be used to measure effects for a specific company as a business or industry. The results can be reliably inferred and there is scientific support for using the method of ordinary least squares estimation, also known as linear regression, paying special attention that the regression model assumptions are met.

Concerning the implications for management or practical application of knowledge in business, the proposed model shows an alternative for those entrepreneurs willing to respond to objective questions and quantifiable information as how much to



invest in advertising or in the attributes of the product or service and what financial effect these investments will have, thereby allocating more resources to those strategies that generate a greater impact on profitability and enabling the company to achieve a competitive advantage.

## REFERENCES

- Calabro, S. (2005). Making the mark. *Sales and Marketing Management*, 157(2), 38-42.
- Chu, S., & Keh, H. T. (2006). Brand value creation: analysis of the interbrand-business week brand value ranking. *Marketing Letters*, 7(2), 323-331.
- Dioko, L., & So, S. I. (2012). Branding destinations versus branding hotels in a gaming destination – examining the nature and significance of co-branding effects in the case study of Macao. *International Journal of Hospitality Management*, 31, 554-563.
- Enríquez, S., Revah, B., Cruz, Y., & Romero, N. (2010). *Valuación y reconocimiento de activos intangibles*, IMEF: México D.F
- Gliem, J. A., & Gliem, R. R. (2003). Calculating, interpreting and reporting Cronbach's alpha reliability coefficient for Lickert-types scales. *Midwest Practice Conference for Adult Continuing Education*, 3(4), 90-108.
- Grupo BMV. (2014). Grupo bolsa Mexicana de valores. Información financiera del trimestre 1 del año 2014. Retrieved from <http://www.bmv.com.mx/img-bmv/home.html>
- Haigh, D. (2010). *New international standard on brand valuation*. USA: Brand Finance.
- Hillyer, C., & Tikoo, S. (1995). Effect of cobranding on consumer product evaluation. *Advances in Consumer Research*, 22(1), 123-134.
- Horan, G., O'Dwyer, M., & Tiernan, S. (2011). Exploring management perspectives of branding in service SMEs. *The Journal of Services Marketing*, 25(2), 114-121.
- Kalpesh, K. D., & Kevin, L. K. (2002). The effects of ingredient branding strategies on host brand extendibility. *Journal of Marketing*, 66(1), 73-93.
- Keller, K. L. (2009). Building strong brands in a modern marketing communications environment. *Journal of Marketing Communications*, 15(2-3), 139-155.
- Kotler, P. (2009). *Marketing*. Pearson Education.
- Kotler, P., & Keller, K. L. (2006). *Dirección de marketing*. México: Pearson Educación.
- Lury, C. (2004). *Brand: the logos of the global economy*. London: Routledge.
- Ruenrom, G., & Pattaratanakun, S. (2012). Corporate brand success valuation: an integrative approach to measuring corporate brands. *International Journal of Business Strategy*, 12(3), 100-108.
- Tukey, J. W. (1962). The future of data analysis. *Ann. Math. Statis*, 33(1).
- Uddin, J. (2010). Documentary research method. *Industrial Journal of Management & Social Sciences*, 4(1), 1-14.
- Wong, B., & Merrilees, B. (2005). A brand orientation typology for SMEs: a case research approach. *Journal of Product and Brand Management*, 14(3), 155-162.