

# Investigating the Role of Key Factors of Food Industry Companies on the Development of National Brand

Mirza Hasan Hosseini,<sup>1</sup> meysam alahyari <sup>2</sup>

<sup>1</sup>Professor, Faculty Member of Business Management, Payame Noor University, Tehran, Iran.

<sup>2</sup>PhD student in Business Management, Payame Noor University, Tehran, Iran.

---

## Abstract

A constant presence in the global market requires a good brand because customers, in the same situation, go for a brand that is more and better known to them. Therefore, the more the value of a national brand is, the more pressure will be on the competitors. In this regard, the present study aimed to investigate the effect of company-related factors on the development of food industry national brand. The population consisted of managers and experts of Tabarrok Industrial Factories Group (Tabarrok Food Industry), and the sample size was considered to be 235 people using Cochran's formula. The data collection tools were library studies and a researcher-made questionnaire scoring by a Likert scale. The findings of the quantitative part indicated that the model proposed in the first stage had the goodness of fit. Moreover, the results of the hypotheses test confirmed the positive and significant variables of the proposed model, according to the results of the standard path coefficient and the statistic of t (between -1.96 and +1.96).

**keywords:** National Brand, Food Industry Companies, Capabilities of Brand Development, Competitiveness

---

## 1. Introduction and statement of the problem

The experience of countries successful in the field of economic development represents the important and determining role of foreign business in their development process so that it can be claimed that no development will be possible without considering the development of business and exports. Therefore, countries try to make optimal use of their facilities and production resources through adopting

---

policies to develop business and exports, as well as allocating resources based on relative advantages (Johnson, 2017).

Accordingly, one of the most intelligent actions of managers and senior decision makers of each country in the international arena is the use of soft tools in advancing the intended goals and objectives (Mohammadifar et al., 2019).

In this regard, branding is surrounded by soft power, a power that is able to change the political and economic destiny of a country in the international arena (Anholt, 2007). Studies in the field of economics also show that one of the influential variables to enter global markets and try to sell products across borders is the effect that the name of the country of manufacture of goods has on the public mind. This image, which is always accompanied by stereotypes by the audience and buyers, can influence the decisions and subsequent views of people about buying or not buying a product (Bozorgkhah et al., 2018).

At present, Iran is one of the largest producers of food industry, but due to poor branding, advertising and packaging of these products, non-Iranian brands have snatched the lead from us. While our country can become a commercial hub in the world with extensive branding and advertising. In addition, the increase in the exchange rate in recent years has provided an opportunity for Iranian artisans and entrepreneurs to offer their products and services at a competitive price in international markets. In addition, given the current recession in domestic markets, foreign markets can provide them with a platform for market development and the preservation of production subtleties or overcoming crises. In Iran, however, most manufacturing companies seek to market and sell their products through politico-economic relations, especially chambers of commerce, while presence in international markets without strong brand support ultimately leads to short-term and low presence. The color of Iranian goods in these markets.

In addition, the efforts that these companies make to create and maintain a brand lack the necessary planning and are often not due to lack of knowledge of brand features and lack of knowledge of proper brand management methods. Be able to effectively link the product to the brand. However, according to many experts, national branding is the main factor for the industrial and commercial development of the country. The importance of this issue is such that it can be acknowledged that the creation of reputable brands in international markets can be one of the main policies of the government in order to be independent of oil revenues and move towards sustainable economic development of the country.

In other words, creating the infrastructure for the development of national brands and strengthening them can pave the way for becoming global brands, and this will help the presence of Iranian brands in global markets. At the same time, branding of Iranian food products in international markets, in addition to creating opportunities

to exploit the unused capacities of industry, increases productivity and production in industry, and at the same time develops exports and currency.

## **2. Theoretical framework of research**

In today's competitive world, most companies are looking to be able to produce more products that meet the customer's needs and be able to provide more value to the customer in addition to increasing profits by selling more. One of the most important issues for companies is to produce products that are different from competitors and to create a brand. Brand management is a tool that can be used to achieve some of these goals. Because its use improves the quality of products considered by the customer, increases sales volume and creates customer loyalty and provides conditions for product differentiation.

One of the most important advantages of brand management is that it provides conditions for companies or organizations that can increase the price of their product without losing customers. The brand represents the name and the mark, the distinguishing feature and the tool to gain a leading position in the market. Branding is a kind of mental display of an object (or even a subject) in the mind of a customer, which is maintained in the form of a communication network or what is called brand knowledge (Mousavi et al., 2017). In recent decades, the importance of intangible assets has increased along with the level of competition, and one of the most intangible assets that is the most important distinguishing feature of a company and creating a competitive advantage is the brand. Undoubtedly, one of the most important and fundamental activities in the organization to positively keep pace with change and the ability to compete healthily in society is to use accountability improvement systems to achieve the desired and constructive goals of the organization (Hakimi and Mahmoudi, 2018).

Reaching global markets goes through the path of strengthening and developing business and paying attention to branding. In today's business world, where organizations mimic the original goods and services, branding is an effective tool that can not be imitated and copied (Patjiter et al., 2018). Therefore, in order for companies and organizations to have a lasting name in domestic and global trade, they must build a brand with strong support and a principled approach. Strategic brand management as one of the most important programs of any company in which all levels of the company have a significant role, is a good solution to meet the expectations of stakeholders, so that sometimes ignored by brand burning And of course there will be irreparable burnout opportunities (Rochika et al., 2019).

### **2-1 National brand and factors affecting it**

Branding something is a process in which an attempt is made to influence the way a consumer interprets it and the feeling it creates for itself (product, service, place, etc.). Accordingly, the product or service that is branded is different from other

products and services due to its position in the competitive market and due to its personality, which includes a unique combination of functional features and its symbolic values. A brand is therefore the embodiment of a complete set of physical, social, and psychological characteristics, as well as the ideas and beliefs associated with the branded product. Branding a product or service is a deliberate process of selecting the features of that product or service, and establishing an alliance between those features; It is intended to add value to the branded product or service (Geo et al., 2020). Several factors affect the creation and development of national brands in different countries, some of the most important of which are listed in Table (1):

Table 1). Factors affecting the development of the national brand

| Summary description   | Influencing factors    |
|---|------------------------|
| The economy encompasses all aspects of how a country manages its resources, including economic development, foreign trade, foreign direct investment, and migration. Key success factors in foreign direct investment that in turn reflect brand capability include a sustainable economy and political environment, a skilled workforce, a bureaucratic bureaucracy, and a secure and up-to-date infrastructure.   | Economy                |
| The culture of each country shapes the true nature of a national brand. A national brand, if it lacks components and a cultural dimension, is merely a synthetic invention with a commercial purpose that is not supported by its shareholders and stakeholders, and will have little chance of convincing the citizens of that nation.   | Culture                |
| National branding is a purely political activity. Governments represent the people of a nation and therefore play an important role in the national branding strategy. Private sector organizations do not have full legitimacy to guide and advance the national brand strategy. In addition, due to the pressure of globalization forces, ie the acceleration of market power growth, liberalization of social systems and the rapid development of information technology, especially the Internet, no single official in a nation can control the influence of other countries. Therefore, due to the complexity of national branding, it is assumed that the brand of a country is manageable and this responsibility is the responsibility of the relevant authorities and officials. | governments            |
| Technological development refers to technological advances, the quality of communication technology. Modernity is the evolution of a country in terms of technological levels and traditional ways of doing things, and inventions and innovations are the creation of  | Science and technology |

|  |                      |
|--|----------------------|
| new products, tools and processes and ultimately the development of a country.   |                      |
| Society is one of the most dynamic dimensions of the national brand molecule due to the significant impact of citizens on the identity and image of a country. These countries, when developing their brand, must first pay attention to the way their citizens think about the country's brand. | Society              |
| In the global market, there is increasing competition to increase the share of exports. In order to achieve this goal, the quality of export products or services must be higher than competitors. Under these conditions, export brands can become the hallmark of any country                  | Export brands        |
| Nature and landscapes are considered as valid and powerful tools to differentiate a national brand and are recognized as a key component of the special value of a national brand.   | Geography and nature |

Source: (Adapted from Ardalan et al., 2019)

## 2-2. Experimental background of research

The study of the studied texts shows that so far no independent research has been done on the development of the national brand in applied industries such as the country's food industry, and as mentioned earlier, most research with a general view or in some cases with a focus on mood. And national brand development in the tourism industry. we will give a brief description of some of these researches.

Ngok Hina et al. (2020), in a study entitled "The effect of the image of the country of origin on the intention to buy: the mediating role of brand image and brand evaluation", found that the image of the country of origin had a positive effect on brand image, brand evaluation and purchase intention . Brand image and brand evaluation also had a positive effect on purchasing goals. In addition, the study shows that both brand image and brand evaluation play a mediating role in the relationship between the image of the country of origin and the intention to buy.

Yao et al. (2019), in a study entitled "Brand value and institutional theory, the effects of technical and non-technical innovation on brand equity in China", innovation as well as institutional factors have a positive effect on brand equity. Also, the regional legal system has improved the relationship between innovation and brand value. However, the development of the commodity market has moderated the positive effect of technical innovation on brand equity. However, it does not have a significant effect on the relationship between non-technical innovation and brand equity.

Zavatra et al. (2019), in a study entitled "US Brand: A Natural Overnight Test to Evaluate the Success of a National Marketing Campaign", found that US brand marketing efforts have little effect on incoming international travel to the United States. Thus, a potential weakness

on the ground indicates the marketing of overseas efforts. Findings suggest that this organization may reduce the effectiveness of a complex branding campaign.

Fournari et al. (2016), in their study entitled "Effective factors in strengthening the national brand in the face of store brands", acknowledged that the lack of proper pricing approach to compete with international brands is one of the most important challenges for European brands. And this dilemma has created the ground for a decline in empowerment.

Monca Gomez et al. (2015), in a study entitled "Smart shopping and its impact on attitudes toward national and non-national (international) brands", found that three important criteria have changed the customer's attitude towards national or store brand, These three criteria are in fact subsets of the individual values section. And are: 1) Respect for traditions that are rooted in the history of each country; 2) Related values of mastery of individual attitudes; 3) Independence in decision making by individuals.

Amurach and Ian (2015) in a study found that "strategies to improve the national brand" examined national advertising (offensive strategy) and national brand profit sharing (participation strategy) and found that using national advertising is a good strategy to improve the brand. Is national.

Fournari et al. (2016), in their study entitled "Effective factors in strengthening the national brand in the face of store brands", acknowledged that the lack of proper pricing approach to compete with international brands is one of the most important challenges for European brands. And this dilemma has created the ground for a decline in empowerment.

### **3. research methodology**

The present study is a type of descriptive-survey research that has been done with a quantitative approach. The purpose of this study is to investigate the role of key factors of food industry companies on national brand development and therefore is a type of applied research. The statistical population of this study consists of managers and employees of companies of Tabarak food industry companies, which based on Cochran's formula, the sample size was set at 235 people.

Thus, sampling was done using random method and finally after collecting questionnaires, the data were used for analysis. In this study, the validity of the research has been done using confirmatory factor analysis (CFA) technique and pls software. according to this; The significance of regression weight (factor load) of different constructs of the questionnaire in predicting the relevant items was investigated to ensure the suitability of measurement models and the acceptability of their indicators in measuring structures. Reliability was assessed using Cronbach's alpha coefficient. In this section, the value of the coefficient obtained for the research variables after validation is presented. Given that for all variables and its dimensions this value is above 0.7, it can be said that the tool has good reliability. Also, in order to analyze the data, the structural equation research method using smart PLS software has been used.

**4. Research Findings**

In order to better understand the nature of the population studied in the study and become more familiar with the research variables, it is necessary to describe these data before analyzing the statistical data. Statistical description of data is also a step towards identifying the pattern governing them and a basis for explaining the relationships between variables used in research.

Table 2. Demographic characteristics of the statistical sample

| Relative frequency (percentage) | Absolute frequency (number) |                         |            |
|---------------------------------|-----------------------------|-------------------------|------------|
| 7                               | 2/9                         | Less than 25 years      | Age        |
| 93                              | 39/6                        | Between 25 and 35 years |            |
| 74                              | 31/5                        | Between 35 and 45 years |            |
| 43                              | 18/3                        | Between 45 and 55 years |            |
| 18                              | 7/7                         | Older than 55 years     |            |
| 0                               | 0                           | Diploma and lower       | education  |
| 0                               | 0                           | Associate Degree        |            |
| 106                             | 45/1                        | Bachelor                |            |
| 114                             | 48/5                        | MA                      |            |
| 15                              | 6/4                         | P.H.D                   |            |
| 36                              | 15/3                        | Less than 5 years       | Experience |
| 53                              | 22/6                        | 10-5                    |            |
| 94                              | 40                          | 20-10                   |            |
| 52                              | 22/1                        | 30-20                   |            |
| 173                             | 73/6                        | Man                     | Gender     |
| 62                              | 26/4                        | Female                  |            |

**4-1 Confirmatory factor analysis of research**

Before evaluating the proposed structural model, it is necessary to check the significance of regression weight (factor load) of different constructs of the questionnaire in predicting the relevant items using confirmatory factor analysis technique to ensure the suitability of measurement models and the acceptability of their indicators in measuring structures. Be.

Table 2. Results of structural validity evaluation of convergent and divergent validity

| AVE   | P-value  | Factor load values                        | Composite reliability | Cronbach's alpha | Number of questions | item                            | Structure                      |
|-------|--|---|-----------------------|------------------|---------------------|---------------------------------|--------------------------------|
| 0/839 | <0/001<br><0/001<br><0/001<br><0/001<br><0/001 | 0/723<br>0/846<br>0/763<br>0/791<br>0/856 | 0/794                 | 0/741            | 5                   | A1<br>A2<br>A3<br>A4<br>A5      | Factors related to the company |
| 0/721 | <0/001<br><0/001<br><0/001                     | 0/816<br>0/947<br>0/869                   | 0/933                 | 0/859            | 3                   | N1<br>N2<br>N3                  | Brand development capabilities |
| 0/733 | <0/001<br><0/001<br><0/001                     | 0/835<br>0/948<br>0/869                   | 0/772                 | 0/854            | 3                   | F1<br>F2<br>F3                  | Competitiveness                |
| 0/819 | <0/001<br><0/001<br><0/001<br><0/001<br><0/001 | 0/931<br>0/857<br>0/892<br>0/853<br>0/785 | 0/857                 | 0/793            | 5                   | AG1<br>AG2<br>AG3<br>AG4<br>AG5 | activities                     |
| 0/987 | <0/001<br><0/001<br><0/001<br><0/001           | 0/768<br>0/815<br>0/825<br>0/754          | 0/825                 | 0/758            | 4                   | P1<br>P2<br>P3<br>P4            | Strategic thinking of managers |
| 0/831 | <0/001<br><0/001<br><0/001<br><0/001<br><0/001 | 0/781<br>0/81<br>0/796<br>0/832<br>0/861  | 0/796                 | 0/849            | 5                   | T1<br>T2<br>T3<br>T4<br>T5      | National brand development     |

Table 3. Correlation results of structures and the square root of AVE

| National brand development | Strategic thinking of managers | activities | Competitiveness | Brand development capabilities | Factors related to the company |                                |
|----------------------------|--------------------------------|------------|-----------------|--------------------------------|--------------------------------|--------------------------------|
|                            |                                |            |                 |                                | AVE=0/889                      | Factors related to the company |
|                            |                                |            |                 | AVE=0/871                      | 0/745                          | Brand development capabilities |

|           |           |           |           |       |       |                                |
|-----------|-----------|-----------|-----------|-------|-------|--------------------------------|
|           |           |           | AVE=0/785 | 0/421 | 0/351 | Competitiveness                |
|           |           | AVE=0/869 | 0/398     | 0/433 | 0/279 | activities                     |
|           | AVE=0/745 | 0/415     | 0/399     |       |       | Strategic thinking of managers |
| AVE=0/739 | 0/419     |           |           |       |       | National brand development     |

**4-2. Inferential findings**

One of the basic preconditions for choosing parametric statistical tests is the normality of data distribution based on the variable under study. For this purpose, in the present study, a single sample Kolmogorov-Sminorf test was used.

Table 4. Results of parametric statistical tests of normality of data distribution

| National brand development | Strategic thinking of managers | Activity | Competitiveness | Brand development capabilities | Factors related to the company | Dimensions                     |                   |
|----------------------------|--------------------------------|----------|-----------------|--------------------------------|--------------------------------|--------------------------------|-------------------|
| 0/596                      | 0/915                          | 1/07     | 0/691           | 0/589                          | 0/674                          | Kolmogorov-Smirnov test values |                   |
| 1/012                      | 1/064                          | 0/557    | 1/18            | 0/576                          | 4/23                           | Standard deviation             | Normal parameters |
| 3/89                       | 4/29                           | 3/21     | 3/59            | 3/69                           | 3/34                           | Average                        |                   |
| 0/85                       | 0/93                           | 1/05     | 0/99            | 0/76                           | 0/88                           | Significance level             |                   |
| 235                        | 235                            | 235      | 235             | 235                            | 235                            | Number                         |                   |

### 4-3. Test hypotheses test results

The results obtained for the research hypotheses based on significance coefficients (T), for all hypotheses higher than 1.96 and also standard coefficients, indicate that all hypotheses are significant. The results are shown in Table (5):

| Result       | Significance factor | Path $\beta$ coefficient | Direction   |   |
|--------------|---------------------|--------------------------|---|---|
| Confirmation | 8/21                | 0/54                     | Factors related to the company affect the development of the national brand | 1 |
| Confirmation | 8/75                | 0/56                     | Brand development capabilities affect national brand development            |   |
| Confirmation | 9/15                | 0/61                     | Competitiveness affects the development of the national brand               | 2 |
| Confirmation | 8/49                | 0/59                     | Activities affect the development of the national brand                     | 3 |
| Confirmation | 9/24                | 0/48                     | Managers' strategic thinking affects the development of the national brand  | 4 |

### 5. Conclusion

In the competitive era of globalization, the future of any country is very ambiguous and complicated due to the unprecedented competition that has arisen not only between individuals and companies but also between countries. Factors such as natural resources, labor, students, immigrants, foreign and domestic investment, tourism, exports, international sporting events, as well as the rapid growth of knowledge and its application in business and its transformation into a new opportunity in the markets International has led to a comprehensive competition between countries. The results of this study indicate that the key factors related to the company, including 1) brand development capabilities (including the ability to improve product quality, company investment in product branding, selection of appropriate distribution methods, awareness and knowledge Building customers from the presence of the brand, structural factors related to the company, the use of new marketing and product sales techniques and brand value in the minds of customers); 2) Competitiveness of activities (product competitiveness, producer bargaining power, producer image, brand promotion, marketing power, marketing communications, product availability, product competitiveness); 3) Strategic thinking of managers (national branding program, company branding strategies, opportunistic competencies of senior management, brand orientation and strategic brand management and brand development planning) and 4) innovative capabilities (use of new technologies, organizational innovation in production , Marketing innovation and product advertising), affect the development of the national brand of food industry products. This finding is consistent with the results of studies by Vrentis (2018), Voltmus (2017), Fournari et al. (2016), Amorach (2015), Najm Roshan et al. (2017) and Izadkhah et al. (2017), Shabsavar (2015).

## References

- Ardalan, Amin. Vazifeh Doost, Hossein and Nik Maram, Hashem (2019). Planning the future of Iran with branding. *Management Futures Research Quarterly*, No. 116, pp. 153-169.
- Anholt, S., Hildreth, J. (2005). Let freedom and cash registers ring: America as a brand. *Place Branding*, 1 (2): 164-172
- Bozorg kho, Hamed. Kimasi, Massoud Esfidani, Mohammad Rahim and Turkestani, Mohammad Saleh (2018). Identifying and prioritizing the factors affecting the national brand of Iran with a consumer cognitive approach. *Bi-Quarterly Journal of Consumer Behavior Studies*, Volume 5, Number 2, Pages 83-110.
- Johnson, H. (2017). “The Importance of Personal Branding in Social Media: Educating Students to Create and Manage their Personal Brand”, *International Journal of Education and Social Science*, 4(1), 231-246.
- Mohammadifar, Yousef Ahmadian, Power and Heshmati, Afshin (2019). Implications of National Branding for the Islamic Republic of Iran with Emphasis on Political and Economic Dimensions, *Quarterly Journal of International Political Economy Studies*. Volume II, Number 2, Pages 245-248.
- Potgieter, A. & Doubell, M. (2018). Authentic Personal Branding Is Not Your Social Media Page. *Journal of Contemporary Management*. 9(4), 1-139.
- Ruchika & Asha Prasad. (2019). Untapped Relationship between Employer Branding, Anticipatory Psychological Contract and Intent to Join. *Global business review*, 20(1), 194-213
- Yao, Q., Huang, L. & Li, M. (2019). The effects of tech and non-tech innovation on brand equity in China: The role of institutional environments. *PLoS ONE*, 14(5): 1-24