

# **MKTG 311 FINAL EXAM NOTES**

4 mid-length, long answer questions  
Some part questions- a and b parts  
10 marks per question = 40 marks  
40% of final grade

Time allocation: 30 mins per question  
Answers: 2-2.5 pages

## **Topics:**

### **BUILDING**

Ch 1 Brands and brand management

Ch 2-3 CBBE, brand positioning and brand resonance

Ch 7 Secondary brand associations

### **MEASURING**

Ch 8 *Brand measurement* and management

Ch 9 Qualitative and quantitative brand research

### **MANAGING**

Ch 11 Brand architecture

Ch 12 Brand extensions

Ch 13 Managing brands over time

Ch 14 Managing brands over geographies and market segments

## **Marking criteria:**

Define key terms

Explain relevant brand management theory

Apply theory to answer the question

**Structure:** All answers to be written in essay, extended paragraph style

Introduction/Body/Conclusion

## **Ch 1: Brands and Brand Management**

- Brands are now much more linked to the social world
- Changing market conditions
- Potential for 'brand trouble'
- Strategic thought needed

Sophisticated brand managers:

- Understand marketing imperatives and the economics underpinning a brand
- Know something of the history, the societies and cultures that surround their brands
- Possess communication and critical thinking skills

### **1. Define 'brand', state how brand differs from a product and explain what brand equity is**

**Brand:** A name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers and to differentiate them from those of competition (American Marketing Association, 2011 definition)

- Resides in consumers' minds
- Provides a label and meaning to a product (what it stands for, what to expect, what levels of risk to expect from that particular product)
- Optimal role in consumer choice situations: Affects purchase decision making process

**Brand elements:** Different components of a brand that identify and differentiate it from its competition e.g. name, logo, symbol, package design

### **How do brands differ from products?**

**Product:** Anything we can offer to a market for attention, acquisition, use or consumption that might satisfy a need or want i.e. can be a physical good, service, a retail outlet

### **5 levels of meaning for a product** (using example of coffee)

**Core benefit:** Fundamental need or want that consumers satisfy by consuming the product or service *e.g. refreshment*

**Generic product:** Basic version of the product containing only those attributes or characteristics absolutely necessary for its functioning but with no distinguishing features. This is basically a stripped-down, no-frills version of the product that adequately performs the product function *e.g. requires a cup of different sorts, water, coffee (granules, filtered)*

**Expected product:** Set of attributes or characteristics that buyers normally expect and agree to when they purchase a product *e.g. cup, liquid, coffee, service, good atmosphere*

**Augmented product:** Additional product attributes, benefits or related services that distinguish the product from competitors *e.g. soy milk and other variants that can be added to the coffee*

**Potential product:** All the augmentations and transformations that a product might ultimately undergo in the future *e.g. environmentally friendly coffee cup*

- *A brand is more than a product because it has dimensions that differentiate it from other products meant to satisfy the same need.* These differences may be rational and tangible- related to product performance of the brand, levels of expectation from the brand- or more symbolic, emotional and intangible- related to what the brand represents, meanings of the brand in society and consumer's emotional connections to brands.

BUT

- Many practitioners refer to a brand as creating certain levels of awareness, reputation and prominence in the marketplace
- Brands add 'other dimensions' that differentiate them in some way from other products/services designed to satisfy the same need

EXAMPLES- Branded products like a physical good- Kellogg's Corn Flakes cereal, Prince tennis racquets, service- Virgin Airlines, store like The Body Shop, person like George Clooney

**Brand equity:** A set of brand assets and liability linked to a brand, its name, and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm's customers

Equity: A brand's set of assets (and liabilities) -> Company/customer value of brand name and symbol of a product

### Understanding brand equity

- It stresses the importance of the **brand's role** in marketing strategies
  - Provides a **common denominator** to interpret marketing strategies and assess the value of a brand
  - POINT TO NOTE: *No common viewpoint on how it should be conceptualized and measured*

### Brand equity: Operational measures

- Associations, market behaviour, loyalty and awareness

### Keller's Customer-Based Brand Equity (CBBE) model

- Differential effect
- Customer brand knowledge
- Customer responses to brand marketing
- Positive CBBE when consumers react positively/negatively to an element of the marketing mix for the brand than for the same mix for an unnamed version of the product or service
- Brand knowledge is seen as an 'associative network memory model' of brand awareness and brand image (a set of associations)
- CBBE occurs when a consumer is familiar with the brand and holds favourable, strong and unique brand associations in memory

**Keller:** Brands exist in the customer's minds and must be looked at their perspective, mental node, psychological construct; brand equity revolves around brand knowledge based on responses based on numerous marketing stimuli

## 2. Summarise why brands are important

For buyers, brands can: EXAMPLE: V energy drinks, TIPTOP bread

- **Reduce search costs:** Helps reduce time spent searching what a suite of brand and product categories are about, also cognitive search time
- **Reduce perceived risk**
- **Provide psychological and social reward:** Important with purchases with social implications- cognitive dissonance, brands help reduce that internal tension whether we made the right decision
- **Act as identity symbols-** Broadly tells us who we are in a consumer oriented culture, what values we have, what identity categories we associate through, our lifestyle and announces that to others
- **Signals quality-** Particularly when there is an high involvement purchase situation at stake

### Brands and risk reduction (using example of a car)

- **Functional risk:** The product does not perform up to expectations. How the product performs Does it do what it is expected to do
- **Physical risk:** The products poses a threat to the physical well-being or health of the user or others. Risk of harm
- **Financial risk:** The product is not worth the price paid. No one wants to find out they have been sold a 'lemon'
- **Social risk:** The product results in embarrassment from others.
- **Psychological risk:** The product affects the mental well-being of the user.
- **Time risk:** The failure of the product results in an opportunity cost of finding another satisfactory product.

For sellers, brands help:

- **Stimulate repeat purchase:** Good experiences with the brand
- **New product introduction:** Philadelphia and Cadbury mix spread into Australian market – initially wasn't very successful and consumers were confused as to what it was, product use was not clearly communicated to target audiences when product was launched, a clear idea of what the brand is what it stands for and what it does is very important
- **Promotional effectiveness:** Rationalize brand across marketing efforts, brand extension and sub-brands, categorize through product categories- blocks of chocolate, chocolate bars, bite size, boxed chocolates, biscuits
- **Pricing decisions**
- **Market segment efforts**
- **Brand loyalty**
- **Competitive advantage**

Brand names give market power and presence; organisations can differentiate themselves as economies grow

### Strategy and brand management

POINT TO NOTE: *Operational effectiveness (micro level, day to day tactics) and strategy are not the same thing*- Porter 1996

**Strategic brand management:** Involves the design and implementation of marketing programs and activities to build, measuring and interpreting brand performance and growing and managing brand equity.

### Understanding strategy

- Careful evaluation, systematic understanding of market and competitive environment- know your competitors (SWOT analysis and competitor analysis), external environment- political, cultural, economic and technological in order to *identify* branding opportunities

**Branding strategy:** Marketing action within a dynamic environment. It begins with a market opportunity and capitalizes on that opportunity through careful use of resources (brand assets and capabilities)

## 3. Explain how branding applies to virtually everything

Applies to physical goods, services, retail stores, online businesses, people, organisations, places and ideas

### Why strategic brand management?

- Branding migrates from a specific function to a business philosophy
- Focus away from 'tactics' to yield long term profit and shareholder value
- Research shows greater yields come from creation of value to customers
- Customer requirements, competitive positioning, implementation

### Brand management: The basics

- Focus on the customer
- Compete in markets where a competitive advantage can be established
- **Customers do not buy products- They buy potential solutions to satisfy needs and wants**
- Markets are heterogeneous
- Markets and customers are constantly changing

### Strategic brand management in a firm (using News Corp business units)

- **Corporate brand management:** Vision (News Corp)
- **Product group- marketing management** (News UK)
- **Product- brand management** (The Time, The Sunday Times)

## 4. Describe the main branding challenges and opportunities

- **Savvy customers:** Consumers being more experienced with marketing, more knowledgeable about how it works and more demanding. Challenge in today's marketing environment is the vast number of sources of information consumers may consult, more difficult to persuade with traditional communications
- **Economic downturns:** Affecting the choices consumers make when purchasing, research showing people buying lower-priced brands and switching to less expensive products
- **Brand proliferation:** Spurred by the rise in line and brand extensions, brands names may now be identified with a number of different products with varying degrees of similarity e.g. brands like Coke and Nivea have added a host of new products under their umbrella brands
- **Media transformation:** Erosion/fragmentation of traditional advertising media and the emergence of non-traditional media, promotion and other communication alternatives- spending more on new and emerging forms of communication such as interactive digital media, in-store and event sponsorship and in-store advertising

- **Increased competition:** Demand- consumption for many products has flattened and marketers have to achieve sales growth by taking away competitor's market share. Supply- new competitors emerging due to globalisation, low-priced competition, brand extensions and deregulation
- **Increased costs:** Of introducing a new product or supporting an existing product, difficult to match the investment and level of support that brands have received in previous years
- **Greater accountability:** Marketers find themselves responsible for meeting ambitious short-term profit targets because of financial market pressures and senior management imperatives, dilemma of having to make decisions with short-term benefits but long-term costs such as cutting advertising expenditures

**Price wars:** Tigerair- macro level challenge brands face today, increasingly being commoditized, brand meanings being eroded

**Market fragmentation:** Different types of milk- soy, almond, goats, lactose free, different percentages of fat- increased competition in product category

**Complex brand strategies:** MQ- research house, as a teaching institution, different stakeholders, need to manage different branding functions for different audiences, different funding and strategies, there can be mixed messages

**Brand complacency:** Qantas, banks

**Shift in resources:** BP- Oil spill in the gulf of Mexico in 2011 drained the firm's resources, Malaysian Airlines- How much it is spending in comforting affected families, search and rescue mission -> causes huge strain on resources, quick shifts

**Short-term pressures:** Pressures on chief marketing officers to hit performance criteria, 3-5 years contract to establish brand mission for the long term?

## 5. Identify the steps in the strategic brand management process

### 1. Identifying and developing brand plans

- Brand positioning model
- Brand resonance model
- Brand value chain

### 2. Designing and implementing brand marketing programs

- Choosing brand elements (Ch 4)
- Integrating the brand into marketing activities and the supporting marketing program (Ch 5)
- Leveraging secondary associations (Ch 7)

### 3. Measuring and interpreting brand performance

- Brand equity measurement system (Ch 8)
- Brand audits
- Designing brand tracking studies
- Establishing a brand equity management system

### 4. Managing, growing and sustaining brand equity

- Defining brand architecture (Ch 12)
- Managing brand equity over time (Ch 13)
- Managing brand equity over geographic boundaries, cultures and market segments (Ch 14)

## Ch 2: Customer- Based Brand Equity and Brand Positioning

### 1. Define customer-based brand equity

**Customer-based brand equity:** Differential effect of customer brand knowledge on consumer responses to brand marketing

**KELLER'S CBBE MODEL:** Power of a brand lies in what resides in the minds and hearts of customers

Challenge in building a strong brand is ensuring that customers have the right type of experiences with products and services and their accompanying marketing programs so that the desired thoughts, feelings, images, beliefs, perceptions, opinions and experiences become linked to the brand

**Brand knowledge:** Consumers' knowledge about the brand

Two components of brand knowledge: **Brand awareness-** Brand recognition and brand recall

**Brand image-** Brand associations (strong, favourable, unique)

Brand knowledge is the key to brand equity

- Consists of a mental structure in memory with associations
- Two components: Brand awareness and brand image