

Lecture 1 –Introduction: What is Brand?

- Value can be tangible and intangible; it's the benefit you bring out, with cost taken into account
- Identify the right segment, and sync your brand with your target customer (not all)

Two abiding philosophies:

1. Value

- Understand what the underlying value is
- Deliver the value
- Key is to either increase benefit, or lower cost in order to compete

2. Be customer-oriented:

- Know how to approach and target them

Consumers don't want products; they want it for the value and benefit it brings:

- **Functional** – Usage of the product *i.e.* Crest toothpaste
- **Symbolic** – Status enhancement *i.e.* Prada, Rolex
- **Experiential** – Lifestyle *i.e.* luxurious hotel, boat cruise

The Importance and Purpose of branding:

1. Identify your product

2. Differentiate your product – what your brand does

And ultimately:

For firms (profit + cost)	<ul style="list-style-type: none"> - 72% of customers will pay a premium for their brand of choice; - 70% of customers use brand to guide their purchase decision - 50% of people are more likely to try new products if it's from a known/favorable brands - Makes introduction of new products easier - Strong brands enable higher margins - Strong brands increase barriers of entry (harder to compete) - Customers are more forgiving to stronger brands - Stronger branded companies tend to have and keep the best employees – lowers cost
For employees	- Provide identity, community and opportunity
For MGMT	- Brands act as a leadership and motivational tool
For investors	- Brands shape expectations of future returns with \$ brand value and performance
For consumers	- Provide responsibility, credibility, reduces risk & opportunity cost, time risk, psychological risk, social risk, effort risk etc.

3 Misconceptions About Brands:

1. Brands are built mainly through advertising

- Advertising is important, for the *awareness* and *desire* aspect, but it has not much influence to *brand image*. Brand image is about creating the right experience.

2. Brands are the responsibility of marketing department

- Customers experience the brand in several ways, not just through marketing department. *Touch points* are responsible for branding (*i.e.* public relations etc.)

3. Branding takes a short period of time

- Majority of the brands spent lots of time and money to build their brand (*i.e.* Coke), but downside is that it can take one small thing to bring the entire brand down

Integrating the brand into marketing programs

<p>Product Strategy</p> <ul style="list-style-type: none"> - Deliver tangible and intangible benefits & add value through customer information - Mass customization (DIY) - <i>After-marketing</i>: instruction manuals, sale of complementary products, handling complaints etc - Loyalty programs 	<p>Place/Distribution Channel Strategy</p> <ul style="list-style-type: none"> - Blend channel “push” with consumer “pull” - Increase brand equity via showcasing the brand in depth and variety of merchandise & act as a testing ground for new products i.e. Nike Town - Brand may benefit from retailers’ image & more control for manufacturer i.e. Brands at David Jones seem more high class
<p>Promotion/ Communication Strategy</p> <ul style="list-style-type: none"> - Mix & match communication options 	<p>Pricing Strategy</p> <ul style="list-style-type: none"> - Understand perceptions of value - Balance price, cost, & quality

Lecture 5 – Building Brand Equity III: Communications

- Designing marketing programs to build brand equity
 - Integrated Marketing Communications (IMC)

IMC

- Communications should be **creative** and **integrated** (convey one key message)
- Create awareness, behavioral response, relationship, sales etc.
- Check out the advertising awards: Effie Awards, Clio Awards

Category of Advertising

TV, Radio, Print, Direct Response, Interactive (Websites, online ads), Place ads (Billboards, movies, product placement, point of purchase advertising), non-traditional (guerilla), buzz marketing etc.

Radio (no sight, only sound)

- Impact awareness & generate response
- **Effectiveness**: Identify brand early and often in the commercial, offer the incentive and repeat it, voice of speaker is crucial here

Print – less is more

- Huge clutter, hence guerilla marketing can stand out
- **Impact first 2 levels of pyramid**
- **Effectiveness**: clear message at first glance, benefit in the headline, image supports headline, easy to read and follow, product and brands’ identification
- **Brand identity prism** – brands should communicate 6 phrases in order to communicate brand effectively



Direct Marketing

- Strategies that allows firms to directly communicate to consumer one on one, so when consumers response there is an one-on-one interaction
- Less costly, may not be impactful i.e. Email, posted mail, free sample
- **Smart example**: Balloon inside the house with message saying ‘Luckily this is a balloon not a gang of burglar – sells Security System’
- **Smart example II**: Sample shirt cleaner wrapped by Dirty T-Shirt, with a message saying try cleaning this shirt with the cleaner

Buzz Marketing

- This is a result of creative marketing ideas, not really a way of marketing

Branding a New Product

Three Options:

- Develop a new brand name
- Use an existing brand name (brand extensions)
- Combine new brand w/ existing brand (brand extensions)

Brand extensions often sustain brand's growth & direct consequence of competition in mature markets

Brand Extension Classification	
Line extension	Adding a new product within the same product category <i>i.e.</i> Diet coke lime in the beverage category
Category extension	Using the parent brand in a different product category <i>i.e.</i> SWISS army, knives and watch

Pros & Cons:

Pros	<p><i>1. Facilitate new product acceptance:</i></p> <ul style="list-style-type: none"> - Increase and improve brand image & reduce risk - Increases distribution support & reduce risk - Increases promotion effectiveness; cost and revenue ratio is 10% for brand extensions (less cost) compare to 19% for new brand (higher cost) - Packaging and labeling efficiency <p><i>2. Creates greater equity for parent brand</i></p> <ul style="list-style-type: none"> - Advantages flow from and backwards parent brand to new brand (2-way flow) - Extending meaning and clarification - Enhance brand image - Improve sales for new and existing products - Benefit variety seeking customers (product depth) - Reignites the parent brand <p>Examples of meaning transfer:</p> <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="border: 1px solid black; padding: 5px;">BRAND</th> <th style="border: 1px solid black; padding: 5px;">Original Product</th> <th style="border: 1px solid black; padding: 5px;">Extension Product</th> <th style="border: 1px solid black; padding: 5px;">New Brand Meaning</th> </tr> </thead> <tbody> <tr> <td style="border: 1px solid black; padding: 5px;">Weight Watchers</td> <td style="border: 1px solid black; padding: 5px;">Fitness Centers</td> <td style="border: 1px solid black; padding: 5px;">Low Calorie Foods</td> <td style="border: 1px solid black; padding: 5px;">Weight Loss AND Maintenance</td> </tr> <tr> <td style="border: 1px solid black; padding: 5px;">Sunkist</td> <td style="border: 1px solid black; padding: 5px;">Oranges</td> <td style="border: 1px solid black; padding: 5px;">Vitamins, Juices</td> <td style="border: 1px solid black; padding: 5px;">Good Health</td> </tr> <tr> <td style="border: 1px solid black; padding: 5px;">Crayola</td> <td style="border: 1px solid black; padding: 5px;">Crayons</td> <td style="border: 1px solid black; padding: 5px;">Markers, Paints, Pen, Clay, etc</td> <td style="border: 1px solid black; padding: 5px;">Colorful Crafts For Kids</td> </tr> </tbody> </table> </div>	BRAND	Original Product	Extension Product	New Brand Meaning	Weight Watchers	Fitness Centers	Low Calorie Foods	Weight Loss AND Maintenance	Sunkist	Oranges	Vitamins, Juices	Good Health	Crayola	Crayons	Markers, Paints, Pen, Clay, etc	Colorful Crafts For Kids
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Cons	<p><i>1. Frustrate/ confuse consumers</i></p> <p><i>2. Encounter retailer resistance – limit space</i></p> <p><i>3. Damage parent image (negative equity)</i></p> <p><i>4. Cannibalize sales</i></p> <p><i>5. Dilute meaning</i></p> <p>Examples of product failures:</p> <ul style="list-style-type: none"> -Harley Davidson colognes, wine coolers, cigarettes -Kleenex diapers -Bic (cheap pens erasers brand) to perfumes – what the heck 																