BRAND MANAGEMENT (MARK3092)
EXAM NOTES

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Lecture 1: Fundamentals of Brand Management

General Notes

Formula to describe a brand:
Product + Identity + Image = Brand

- **Brand identity**: a unique set of brand associations that represent what a brand stands for.
  - The visual and verbal articulation of a brand.
  - Includes: brand name, logo, letterhead, business card, packaging, website, and any other application pertinent to a particular brand.

- **Brand image** consists of:
  - **Attributes** (Product related: colour, size, design features; Non-Product related: price, packaging, user and user imager)
  - **Benefits** (Functional, Symbolic, Experiential)
  - **Overall Evaluation** (Attitude)
    - Favourability, Strength, and Uniqueness of brand associations

- **Brand essence** is a short expression of the most important aspects of a brand and its core brand associations

- **Types of brands**:
  - Personal (KFC, Dell)
  - Image (Nike, Apple, Gucci)
  - Experiential (Disney)

- **The evolving brand logic**
  - We are in the stakeholder-focus brand era
  - It is not what can we do for you but what can we do with you
  - All stakeholders are operant resources

- **The brand meaning evolution model**

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<th>Stage of branding</th>
<th>Brand meaning</th>
<th>Brand ownership</th>
<th>Time</th>
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<td>Implicit (symbolic) meaning</td>
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Source: Adapted from Batey (2008)

- **The brand resonance pyramid model**

- **Brand knowledge** is defined in terms of two components: **brand awareness** and **brand image**
  - **Brand awareness** relates to brand recall and recognition performance by consumers
  - **Brand image** refers to the set of associations linked to the brand that consumers hold in memory
Building strong brands in a modern marketing communications environment  
(Keller, 2009)

- **Abstract**
  - Marketers must build and manage their brands in a dramatically changing marketing communications environment.
  - Keller proposes the **customer-based brand equity model** that emphasises the importance of understanding consumer brand knowledge structures.
  - The **brand resonance pyramid** is a means to track how marketing communications can create intense, active loyalty relationships and affect brand equity.
  - According to this model, **integrated marketing communications** involves mixing and matching different communication options to establish the desired awareness and image in the minds of consumers.

- **Introduction**
  - Technology and the Internet are fundamentally changing the way the world interacts and communicates.
  - Branding has become a key marketing priority for most companies.
  - Traditional approaches are questionable in a marketplace where consumers have access to massive amounts of information about brands, products and companies, and social networks have, in some cases, supplanted brand networks.

**The role of branding**

- **Brand equity** is defined in terms of the marketing effects **uniquely attributable** to a brand.
- These effects arise from the ‘added value’ endowed to a product as a result of past investments in the marketing for the brand.
- There are a wide range of **benefits**: 
  - Improved perceptions of product performance;
  - Greater customer loyalty.
  - Less vulnerability to competitive marketing actions and marketing crises.
  - Larger margins.
  - More elastic customer response to price decreases and inelastic customer response to price increases.
  - Greater trade or intermediary cooperation and support.
  - Increased marketing communication effectiveness.
  - Additional licensing and brand extension opportunities.

- **Key benefit of building a strong brand is increased marketing communication effectiveness**.
  - Consumers process communications more favourably and have a greater ability to later recall the communications.
  - Brand equity is thus central to the way advertising works.

- To build a strong brand, the right **knowledge structures** must exist in the minds of actual or prospective consumers so they respond positively to marketing activities. Marketing communications play a key role in shaping these knowledge structures.

**The changing marketing communications environment**

- **Marketing communications** are the means by which firms attempt to inform, persuade and remind consumers, directly or indirectly, about the products and brands they sell.
- **The marketing communications mix**: eight major modes of communication. First four are **mass media** while the latter four are more **personal modes** of communication.

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<thead>
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<th>Mass media communication</th>
<th>Personal modes of communication</th>
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<td>(3) Events and experiences</td>
<td>(7) Word-of-mouth marketing</td>
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<td>(4) Public relations and publicity</td>
<td>(8) Personal selling</td>
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- **Function of marketing communications**: tell or show consumers how and why a product is used; link brands to other people, places, events, brands,
experiences, feelings and things; create experiences and build communities; contribute to brand equity; and drive sales.

- **Increasingly tough communication environment** – dramatic changes in the internet and technology have eroded the effectiveness of mass media
  - Decline of TV advertising – fragmentation of US audiences and the media used to reach them
  - New media environment – the consumer is increasingly in control

**The customer-based brand equity model (CBBE)**

- The power of the brand lies in the minds of customers and the meaning that the brand has achieved in the broadest sense
- **Brand equity** is fundamentally determined by the **brand knowledge** created in consumers’ minds by marketing activities
- **Brand knowledge** is not about the facts of the brand but the thoughts, feelings, perceptions, images, experiences etc. linked to the brand in the minds of consumers

**The brand resonance pyramid**

- The CBBE model has been extended to address how brands should be built in terms of consumer knowledge structures
- CBBE model views brand building as an ascending series of steps:
  1. Ensuring identification of the brand with customers and an association of the brand in customers’ minds with a specific product class or customer need;
  2. Firmly establishing the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations;
  3. Eliciting the proper customer responses in terms of brand-related judgment and feelings; and
  4. Converting the brand response to create an intensive, active loyalty relationship between customers and the brand
- The CBBE model emphasises the duality of brands: the rational route to brand building is on the LHS and the emotional route is on the RHS
- The creation of significant brand equity requires reaching the pinnacle of the brand resonance pyramid which only occurs when the right building blocks are in place

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The building blocks of the brand resonance pyramid

- **Brand salience**: how easily and often customers think of the brand under various purchase or consumption situations
- **Brand performance**: how well the product or service meets customers’ functional needs
- **Brand imagery**: the extrinsic properties of the product or service, including the way in which the brand attempts to meet customers’ psychological or social needs
- **Brand judgements**: customers’ own personal opinions and evaluations
- **Brand feelings**: customers’ emotional responses and reactions with respect to the brand
- **Brand resonance**: the nature of the relationship customers have with the brand and the extent to which the feel they’re ‘in sync’ with the brand
  - Resonance reflects the intensity or depth of the psychological bond that customers have with the brand, as well as the level of activity engendered by this loyalty
• Brand resonance has four dimensions
  1. Behavioural loyalty: customers’ repeat purchases and the amount or share of category volume attributed to the brand.
  2. Attitudinal attachment: when customers view the brand as being something special in a broader context.
  3. Sense of community: when customers feel a kinship or affiliation with other people associated with the brand.
  4. Active engagement: when customers are willing to invest personal resources into the brand beyond those expended during purchase or consumption of the brand.

• Creating brand resonance
  According to the CBBE model, resonance is most likely to result when marketers have created:
  - Proper salience and breadth and depth of awareness;
  - Firmly established points-of-parity and points-of-difference;
  - Positive judgments and feelings that appeal to the head and the heart.

Marketing communication effects on brand equity

• Marketing communications affect brand equity and drive sales in many ways:
  - Create awareness of the brand;
  - Link the right associations to the brand image in consumers’ memory;
  - Elicit positive brand judgments or feelings;
  - Facilitate a stronger consumer-brand connection.

• Developing the marketing communications mix
  - Marketing communications must be integrated to deliver a consistent message and achieve strategic positioning.
  - Marketers must assess which experiences and impressions will have the most influence at each stage of the buying process.

• Integrated marketing communications (IMC) program
  - Several factors to consider in developing the marketing communications mix: type of product marketing, consumer readiness to make a purchase, stage in product life cycle, and brand’s market share and positioning.
  - Marketers should be media neutral – evaluate all possible communication options in terms of efficiency and effectiveness.
  - Anything that causes a consumer to pay attention to the brand can increase brand awareness, at least in terms of brand recognition. Brand recall may require more intense and elaborate processing.
  - Marketers should ‘mix and match’ communication options to build brand equity – choose a variety of different communication options that share common meaning and content but also offer different, complementary advantages so that the whole is greater than the sum of its parts.

• Interactive marketing communications
  - List of some interactive marketing communication options:
    1. Websites
    2. Microsites
    3. Search ads
    4. Display ads
    5. Interstitials (pop ups)
    6. Internet-specific ads and videos
    7. Sponsorships
    8. Alliances
    9. On-line communities
    10. E-mail
    11. Mobile Marketing
Advantages
- Tailored messages that can engage different segments of consumers by reflecting special interests and behaviour
- Contextual placement of ads
- High accountability – effects can easily be traced

Disadvantages
- Customers define the rules of engagement and can insulate themselves with the help of agents and intermediaries
- Marketers lose control over what customers will do with their on-line messages and activity
- Traditional media can offer greater control in that the message is more clearly formulated and expressed

Interactive marketing communications and brand resonance
- The power of interactive marketing communications as a brand building tool is its versatility – it can positively impact every aspect of the brand resonance pyramid
- Salience
  - Interactive marketing can improve both the breadth and depth of brand awareness.
  - Internet permits very specific targeting of potentially difficult to reach groups; especially effective at reaching people during the day
  - Key advantage is being able to reach customers as they seek information, heightening awareness at potential purchase opportunities
- Performance and imagery
  - Can help establish a number of key performance and imagery points-of-parity and points-of-difference versus competitors
  - Websites are able to convey rich information, comparisons, and help establish brand personality by its tone and creative content.
- Judgment and feelings
  - Can deliver sight, sound, and motion; thus can create and impact experience enduring feelings.
- Resonance
  - Most useful in terms of creating resonance in that it permits daily or frequent encounters and feedback opportunities
  - Active engagement – consumers can learn from and teach each other about the brand, express their commitment and observe the brand loyalty of others

Integrating interactive marketing communications
- Marketers must take a micro and macro perspective.
- Must ensure that, in a micro sense their interactive marketing communication activities are designed to be as effective and efficient as possible.
- Must ensure, in a macro sense, that they are well integrated with other on-line marketing communication activities as well as off-line activities
- Six criteria in developing the most effective and efficient marketing communication program:
  1. Coverage: the proportion of the audience that is reached by each communication option employed
  2. Contribution: the inherent ability of a marketing communication to create the desired response and effects from consumers in absence of exposure to any other communication option
  3. Commonality: the extent to which common associations are reinforced across communication options
  4. Complementarity: the extent to which different associations and linkages are emphasised across communication options
  5. Versatility: the extent that a marketing communications option is robust and effective for different groups of consumers
  6. Cost

Discussion
- Summary
  - The marketing communications environment has changed dramatically resulting in new challenges to marketers to build and manage their brands
  - CBBE model emphasises the importance of understanding brand knowledge structures
  - The brand resonance pyramid is a means to track how marketing