

PART 1: OPENING PERSPECTIVES

CHAPTER 1: BRANDS AND BRAND MANAGEMENT

WHAT IS A BRAND?

- American Marketing Association: “name, term, sign, symbol or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to **differentiate them from competition.**”
 - Elements: name, logo, symbol, characters, spokespeople, slogan, jingle, package
 - However, doesn't cope with intangible components of the brand – this makes the whole package
- Many practicing managers refer to a brand as something that has created awareness, reputation & prominence
- Helps deliver value
- Brand not necessarily controlled by the business – customers have their own view

Brand elements

- The key to creating a brand according to AMA
- Components that differentiate the brand e.g. packaging, logo, name, symbol
- Brand elements such as names, logos & symbols can be based on:
 - People e.g. Estee Lauder
 - Places e.g. Santé Fe cologne
 - Animals e.g. Mustang automobiles, Dove soap
 - Product meaning e.g. Lean Cuisine
- Brands have 2 sets of characteristics
 - Functional**: satisfying performance needs
 - Representational**: satisfying personal expression needs
 - Particularly important when dealing with intangible products where it's very difficult to demonstrate or prove the functional benefit beforehand

Brands vs. products

- Product**: anything that can be offered to a market for attention, acquisition, use or consumption that may satisfy a need or want
 - May be a good, service, retail outlet, person, organisation, place or idea
 - 5 levels

Level	Description	Example: Air conditioner
1. Core benefit	<ul style="list-style-type: none">Fundamental need/want that consumers satisfy by consuming product/service	<ul style="list-style-type: none">Cooling & comfort
2. Generic product	<ul style="list-style-type: none">Basic version of the product containing only those characteristics absolutely necessary for its functioning but with no distinguishing features	<ul style="list-style-type: none">Sufficient cooling capacityAcceptable energy ratingAdequate air intakes & exhausts

3. Expected product	<ul style="list-style-type: none"> Set of characteristics that buyers expect and agree to when purchasing product 	<ul style="list-style-type: none"> 2 cooling speeds Expandable plastic side panels Removable air filter Environmentally friendly 5 year warranty
4. Augmented product	<ul style="list-style-type: none"> Additional product attributes, benefits that differentiate the product from competitors (optional features) 	<ul style="list-style-type: none"> Touch pad display Display to show indoor & outdoor temperatures
5. Potential product	<ul style="list-style-type: none"> Transformations that a product might undergo in future 	<ul style="list-style-type: none"> Silently running Completely balanced throughout the room Completely energy self sufficient

- Brand is more than a product; it can have dimensions that differentiate it in some way from other products designed to satisfy the same need
 - Differences may be tangible (product performance) or more symbolic (what the brand represents)
- Brands can create competitive advantages with product performance, non product related means (e.g. understanding consumer motivation)

How brands can configure, communicate and deliver value

Legal instrument	<ul style="list-style-type: none"> Brand was originally seen as a mark of ownership or trademark
Vision	<ul style="list-style-type: none"> Brand vision: a clear view of what the brand is and what it will be in the future
Personality	<ul style="list-style-type: none"> Can be a legitimate way of establishing the uniqueness of the brand Customers assess the fit b/w the perceived personalities of the brands on offer and the personality they wish to project
Identity	<ul style="list-style-type: none"> Brand gives the product meaning in the eyes of its customers Comprises of vision and imagery such as the logo, personality and positioning of the brand
Company name	<ul style="list-style-type: none"> A company with a recognizable image, as reflected by its culture, people and communications, is itself a brand These days, a company brand is dependent on its employees Virtuous cycle: ability of a business with a well known brand to attract only the sort of staff who would fit the core values of that brand
Short hand	<ul style="list-style-type: none"> Using brand names as shorthand tends to be done outside the organisation and is likely to be less controlled as a result Associations can be pos or neg

Logo, symbol or design	<ul style="list-style-type: none"> • The logo is a useful way of distinctively identifying a brand • It's less good at communicating a unique value proposition to a market, a task better performed by other elements of a brand
Risk reducer	<ul style="list-style-type: none"> • Performance – will the branded product do the job its supposed to do? • Financial – will the brand deliver good value for money? • Time – will time be invested or wasted in investigating unsuitable alternative brands? • Social – will the consumer's peer group make favourable or unfavourable associations as a result of brand choice? • Psychological – does the brand image match the customer's self image?
Image	<ul style="list-style-type: none"> • A brand image is part of the perception of the brand in the eye of the customer • It's difficult for the brand manager to control the perception, although the message sent is usually carefully managed
Relationship	<ul style="list-style-type: none"> • If a brand can have a personality, then the logical extension of this from the consumer's point of view is to have a relationship with that personality
Cluster of benefits	<ul style="list-style-type: none"> • Might be price or value related benefits, product related, personality related • 4 of these 5 benefits must apply to any proposed brand extension into new markets • makes sure the cluster of benefits is consistent
Positioning	<ul style="list-style-type: none"> • Attempts to ensure that potential customers instantly associate a brand with a particular functional benefit

Characteristics of good brands

- Consistency
- Logical extensions
- Internationalised with care
- Be carefully named
- Communicate value clearly and easily

WHY DO BRANDS MATTER?

Consumers: individuals & organisations	<ul style="list-style-type: none"> • To consumers, brands provide important functions • Brands identify the maker of the product and allow consumers to assign responsibility to a particular manufacturer or distributor • Consumers find out which brands satisfy their needs and which don't • If consumers recognize a lot about the brand – less thought process to make a product decision: lower search costs • Can serve as a symbolic device
--	--

	<ul style="list-style-type: none"> • Signals characteristics to consumers e.g. quality <ul style="list-style-type: none"> - <u>Search goods</u>: e.g. grocery produce, consumers can evaluate attributes such as size, colour, weight by visual inspection - <u>Experience goods</u>: e.g. automobile tires, consumers can't assess attributes like durability, safety by inspection, so trial is necessary - <u>Credence goods</u>: e.g. insurance coverage, consumers may rarely learn product attributes • Risk reducer <ul style="list-style-type: none"> - <u>Functional</u>: poor performance - <u>Physical</u>: threat to physical wellbeing or health of user - <u>Financial</u>: not worth price - <u>Social</u>: product = embarrassment - <u>Psychological</u>: product affects mental wellbeing of user - <u>Time</u>: opportunity cost
Firms/manufacturers	<ul style="list-style-type: none"> • Means of identification to simplify handling or tracing • Means of legally protecting unique features • Signal of quality level to satisfied customers • Means of endowing products with unique associations • Source of competitive advantage • Source of financial returns • Develop loyal customer franchise

CAN ANYTHING BE BRANDED?

- Yes
- A brand is something that resides in the minds of consumers
- Key to branding: consumers perceive differences among brands in a product category
- Marketers can benefit from branding when consumers are in a choice situation

Physical goods	<ul style="list-style-type: none"> • Traditionally associated with brands <p><u>Business to business products</u></p> <ul style="list-style-type: none"> • B2B branding creates a positive image and reputation for the company as a whole • Creating goodwill with business customers is thought to lead to greater selling opportunities and more profitable relationships <p><u>High tech products</u></p> <ul style="list-style-type: none"> • Many technology companies struggled with branding • These firms often lack branding and see it as simply naming products
Services	<p><u>Role of branding with services</u></p> <ul style="list-style-type: none"> • Less tangible and more likely to vary in quality, depending on person providing it • For that reason, branding is important to services as a way to address intangibility and variability problems

	<ul style="list-style-type: none"> Branding a service can be an effective way to signal to consumers that the firm has designed a particular service that's special and deserving of its name <p><u>Professional services</u></p> <ul style="list-style-type: none"> E.g. accounting, law Variability more of an issue with professional services b/c it's hard to standardize the services of consulting firm from a typical service e.g. pest control
Retailers & distributors	<ul style="list-style-type: none"> Brands can generate interest, patronage and loyalty in a store Brands help retailers create an image and establish positioning Retailers can also create their own brand image by attaching unique associations to the quality of the service, their product assortment and merchandising, and their pricing and credit policy
Online products & services	<ul style="list-style-type: none"> Critical to create unique aspects of the brand on some dimension that is important to customers – convenience, price or variety Brand also needs to perform satisfactorily in other areas- customer service, credibility & personality
People & organisations	<ul style="list-style-type: none"> Often have well defined images that are easily understood and liked/disliked by others All these compete in some sense for public approval and acceptance, and all benefit from a strong image Organisations often take on meanings through their programs, activities and products
Sports, arts & entertainment	<ul style="list-style-type: none"> Movies, TV, books (experience goods), can't judge by inspection so must use cues such as people involved, rationale behind the project, word of mouth and critical reviews
Geographic locations	<ul style="list-style-type: none"> Cities, states, regions and countries are now actively promoted through advertising, direct mail etc These campaigns aim to increase awareness and create a favorable image of a location that will entice temporary visits or permanent moves from individuals and businesses
Ideas & causes	<ul style="list-style-type: none"> Have been branded, especially by non profit organisations May have captured a slogan, phrase or symbol e.g. pink ribbon

WHAT ARE THE STRONGEST BRANDS?

- Any brand, no matter how strong at one point in time, is vulnerable & susceptible to poor brand management
- Apple, Google, Microsoft
- The closer the match between the benefits of the brand and the rational and emotional needs of consumers, the more successful the brand
- Strong brands are when they are easily recognized and evoke strong feelings – pos or neg

BRANDING CHALLENGES AND OPPORTUNITIES

Savvy customers	<ul style="list-style-type: none">• Key challenge: the vast number of sources of info consumers may consult<ul style="list-style-type: none">- Peers- Magazines- Ads- Consumer reviews• For these reasons, harder to persuade consumers with traditional communications
Economic down turns	<ul style="list-style-type: none">• 46% of switchers to less expensive products found performance to be better than expected• 34% said they no longer preferred higher priced products
Brand proliferation	<ul style="list-style-type: none">• Brand name may now be identified with a number of different products with varying degrees of similarity
Media transformation	<ul style="list-style-type: none">• Marketers have become disenchanted with traditional advertising media, especially TV• Budget for advertising has declined
Increased competition	<ul style="list-style-type: none">• 1 reason why marketers have been forced to use so many financial incentives or discounts is that the marketplace has become more competitive• New competitors have emerged due to:<ul style="list-style-type: none">- Globalization- Low priced competitors- Brand extensions- Deregulation
Increased costs	<ul style="list-style-type: none">• Of introducing a new product or supporting existing products increased rapidly, making it difficult to match the investment and level of support that brands were able to receive in previous years
Greater accountability	<ul style="list-style-type: none">• Marketers often find themselves responsible for meeting ambitious short term profit targets because of financial market pressures and senior management imperatives• As a result, marketing managers may find themselves in the situation of having to make decisions with short term

	<p>benefits but long term costs e.g. cutting advertising expenditures</p> <ul style="list-style-type: none"> Also, many of these same managers have experienced rapid job turnover and promotions and may not anticipate being in their current positions for very long
--	--

BRAND EQUITY CONCEPT: is what makes brands strong

- Its emergence has meant both good news and bad news
- Difficult to measure accurately
- Customer brand equity occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favorable and unique brand associations in memory**
- Good: has elevated the importance of the brand in marketing strategy and provided focus for managerial interest and research activity
 - Attracts new business
 - Provides reassurance and confidence
 - Provides competitive advantage
 - Allows higher prices to be obtained
 - Higher customer loyalty
 - Cross selling opportunities
 - Longer term supply arrangements
 - Quicker/easier budget approval
- Bad: concept has been defined a number of ways for different purposes
 - No common view point has emerged about how to conceptualize and measure brand equity
- Most marketing overseers agree with these basic principles of branding and brand equity:
 - Differences in outcomes arise from the “**added value**” endowed to a product as a result of past marketing activity for the brand
 - This value can be created for a brand in many different ways
 - Brand equity provides a common denominator for interpreting marketing strategies and assessing the value of a brand
 - There are many different ways in which the value of a brand can be manifested or exploited to benefit the firm (greater proceeds or/and lower costs)

Customer brand equity

- Customer brand knowledge
- Customer response to brand marketing

BRAND REALITY

- The congruence b/w brand image and brand perception
- Is a way of unifying the attitudes of the people working for a brand and providing a believable and trustworthy operation

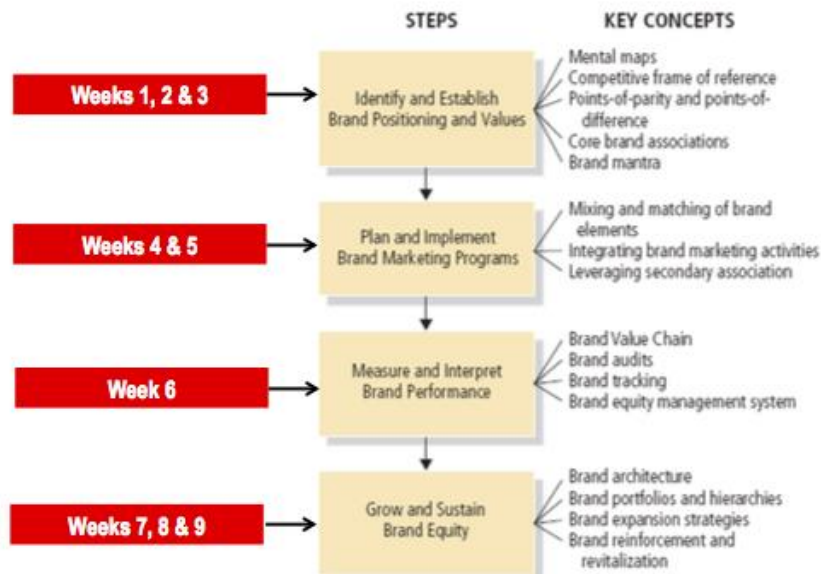
STRATEGIC BRAND MANAGEMENT PROCESS

- Strategic brand management: involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity

1. Identifying and developing brand plans	<ul style="list-style-type: none"> Process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors Brand planning uses the following interlocking models:
---	---

	<ul style="list-style-type: none"> - Brand positioning model: how to guide integrated marketing to maximize competitive advantages - Brand resonance model: how to create intense, activity loyalty relationships with customers - Brand value chain: means to trace the value creation process for brands, to better understand the financial impact of brand marketing expenditures and investments
2. Designing and implementing brand marketing programs	<ul style="list-style-type: none"> • Building brand equity requires properly positioning the brand in the minds of customers and achieving as much brand response as possible • This knowledge building process depends on 3 factors: <p><u>Choosing brand elements</u></p> <ul style="list-style-type: none"> • Most common element: brand names, URLs, logos, symbols, characters, packaging & slogans • The best test of brand building contribution of a brand element is what consumers would think about the product/service if they knew only of the brand name or its associated logo or element <p><u>Integrating the brand into marketing activities and the supporting marketing program</u></p> <ul style="list-style-type: none"> • Biggest contribution to building brand equity is the marketing activities related to the brand <p><u>Leveraging secondary associations</u></p> <ul style="list-style-type: none"> • Brand associations may be linked to other entities that have their own associations, creating these secondary associations • Brand may be linked to source factors such as the company, countries, and channels of distribution, as well as to other brands, spokespeople, sporting • Consumers may infer that the brand shares associations with that entity, thus producing indirect or secondary associations for the brand
3. Measuring and interpreting performance	<ul style="list-style-type: none"> • Managers must successfully design and implement a brand equity measurement system • Brand equity measurement system: set of research procedures designed to provide timely, accurate and actionable information for marketers so that they can make the best possible tactical decisions in the short run and the best strategic decisions in the long run • Implementing such a system involves 3 steps: <ul style="list-style-type: none"> - Conducting brand audits <ul style="list-style-type: none"> ▪ Comprehensive examination of a brand to assess its health, uncover its sources of equity - Designing brand tracking studies

	<ul style="list-style-type: none"> ▪ After position has been established ▪ Collects info from consumers on a routine basis over time, typically through quantitative measures <p>- Establishing brand equity management system</p> <ul style="list-style-type: none"> ▪ Set of organisational processes designed to improve the understanding and use of the brand equity concept within a firm ▪ 3 steps to help implement: <ol style="list-style-type: none"> 1. Create brand equity charters 2. Assemble brand equity reports 3. Define brand equity responsibilities
4. Growing and sustaining brand equity	<p><u>Defining brand architecture</u></p> <ul style="list-style-type: none"> • Provides general guidelines about its branding strategy and which brand elements apply across all the different products sold by the firm • <i>Brand portfolio</i>: set of different brands that a particular firm offers to buyers • <i>Brand hierarchy</i>: displays the number & nature of common and distinctive brand components across the firms set of brands <p><u>Managing brand equity over time</u></p> <ul style="list-style-type: none"> • Long term view produces proactive strategies designed to maintain and enhance customer based brand equity over time and reactive strategies to revitalize a brand that encounters some difficulties or problems <p><u>Managing brand equity over geographic boundaries, cultures and market segments</u></p> <ul style="list-style-type: none"> • International and global branding strategies are particularly important • In expanding a brand overseas, managers need to build equity by relying on specific knowledge about the experience and behaviors of those market segments



Clever things to do with brands

- **Brand extension:** using an existing brand name on a new product to make its introduction easier
- Most new products are not really new, as they build on preexisting brand strengths
- Brand extensions reduce the risk perceived by consumers, increasing the likelihood of gaining trial and distribution in the marketing channel, reduced costs of introductory promotional programs, efficiencies in packaging and labelling

Silly things to do with brands

- **Brand category extension:** extending a brand name from one category to another
- E.g. Virgin chain of music stores extended into the mobile phone and airline market in Aus.
- The 2 categories may be completely different
- Associations from the first category transfer to second – can be pos or neg
- E.g. Bic known as having cheap pens – then tried to sell perfume – customers didn't want the idea of cheap perfume
- **Brand extensions** can be negative
- If the extension is successful, it has the possibility of causing damage to the **parent brand**: known as an umbrella brand
- Consumers can switch from the parent brand to the new one

KEY POINTS FROM CHAPTER 1

1. A brand is a “name, term, sign, symbol, or design, or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competition.”
2. A company's management of a brand is typically the determining factor in the ultimate success or failure of the brand.
3. Brands have differentiating features that distinguish them from competitors and add value for consumers.
4. Consumers often don't buy products; they *buy the images associated with products*.
5. A product is anything that is offered to a market for attention, acquisition, use, or

consumption that might satisfy a need or want.

6. A brand can have dimensions that differentiate it in some way from other products designed to satisfy the same need.
7. Consumers offer their trust and loyalty with the implicit understanding that the brand will behave in certain ways and provide them utility through consistent product performance and appropriate pricing, promotion, and distribution programs and actions.
8. Retailers can introduce their own brands by using their store name, creating new names, or some combination of the two.
9. Successful online brands have been well positioned and have found unique ways to satisfy consumers' unmet needs.
10. Strategic brand management involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity.