Learning Objectives

- To grasp the complex nature of branding
- Understand the ways in which consumers attach meaning to brands and the impact on company performance
- Discover ways in which brand managers can streamline brand costs and improve brand profitability
- Be able to identify the various ways in which brand managers can strategically create relationships between their brands and consumers and realize competitive advantages
- Become familiar with several strategic assessment tools that will aid the brand manager in assessing the nature of brand meaning and value and help in brand reinforcement and revitalization
Introduction

- Branding is a major component of product strategy
- The ability to develop and nurture effective brands is probably the single most important skill set within the marketer’s professional toolkit
- Brands communicate valuable information to the consumer
- To the customer “perception is reality”
- The firm must regularly assess the nature of the brand image
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<thead>
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<th>Value (£m)</th>
<th>Value (US$m)</th>
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Source: Interbrand (2013)
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<tr>
<th>Rank</th>
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<tbody>
<tr>
<td>1</td>
<td>Apple</td>
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<tr>
<td>2</td>
<td>Aston Martin</td>
</tr>
<tr>
<td>3</td>
<td>Rolex</td>
</tr>
<tr>
<td>4</td>
<td>Nike</td>
</tr>
<tr>
<td>5</td>
<td>Glastonbury</td>
</tr>
<tr>
<td>6</td>
<td>YouTube</td>
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<td>7</td>
<td>Google</td>
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<tr>
<td>8</td>
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<td>9</td>
<td>Virgin Atlantic</td>
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<td>Ray-Ban</td>
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<td>Mercedes-Benz</td>
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<td>Bang &amp; Olufsen</td>
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<td>Adidas</td>
</tr>
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<td>BBC iPlayer</td>
</tr>
<tr>
<td>17</td>
<td>Sony</td>
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<td>18</td>
<td>Sony Music</td>
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<tr>
<td>19</td>
<td>Alexander McQueen</td>
</tr>
<tr>
<td>20</td>
<td>Spotify</td>
</tr>
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Source: The Centre for Brand Analysis
Point Of Difference (POD)

PODs are attributes or benefits that consumers strongly associate with a brand, positively evaluate and believe they could not find to the same extent with a competitive brand.

- POD of Tesla: Battery cars

PODs must be

- Desirable to customers
- Deliverable by the company
- Differentiable from the competitors
Point Of Parity (POP)

• POPs are attribute or benefit associations that are not necessarily unique to the brand but may in fact be shared with other brands
  – POP of hot sauce is the spiciness

• There’s a zone or range of tolerance or acceptance with POP
Branding and Functionality

- American Marketing Association defines a brand as a name, symbol, word, sign design or combination that differentiates one or more offerings of a seller or group of sellers from the competition.

- **Functions of Brands** for both the buyer and seller.
  - **For the buyer:** brands help with:
    - product identification
    - signal quality: Volvo
    - provide social status: Mercedes
  - **For the seller:** brands facilitate:
    - breed customer familiarity,
    - identify specific product offerings,
    - differentiate offering
    - enhance brand loyalty
Brand Identity

• Brand has a **core identity**, which is its **essence**: Brand Essence is the heart and soul of a brand – a brand’s fundamental nature or quality
  • Disney World is magical
• The **extended identity** - psychological and physical aspects.
  • Brand can be thought of as a **product**.
    • Honda: thought of as a bike
  • Brand can also be imbued with **organizational attributes** (e.g., innovative, young, socially-responsible, etc.) and certain expectations in terms of geographic coverage (e.g., local vs. global).
    • Facebook as young, Starbucks as ethical
• Brand can become synonymous with a particular **person**.
  • Apple with Steve Jobs, Mark Zuckerberg with FB
• Brand can also become a **symbol**.
  • A yellow round “M” is McDonald, A tilted “E” is Dell
• A brand is a complex entity, and it potentially means different things to different people.
Brand Mantra

• It’s an articulation of the heart and soul of the brand and is closely related to other branding concepts like; “core brand promise”

• It’s a short, 3 to 5 word phrases that captures the irrefutable essence or spirit of the brand positioning

• Example:
  – NIKE: Authentic athletic performance
  – Disney: Fun, family, entertainment
  – Mc Donald: Food, folks and fun
Brand Equity

• The measurement of brand value.
• Compare brand **assets** and brand **liabilities** and maintain a strong and viable brand equity valuation.
• Brand equity comprises five different categories of **assets**:
  – Brand name awareness
  – Brand loyalty
  – Perceived quality: Volvo
  – Brand associations: Blue color with Pepsi, signature tune Ting-ting-ta-ding with Britannia, Panda cheese
  – Intellectual rights: copyrights, trademarks, trade dress, patents: AlBaik in Baily Road
Brand Community

• A specialized community of consumers and employees whose identifications and activities focus around the brand.
Brand Architecture: A Strategic Management Framework

- A brand portfolio can contain a variety of different types of brand.
- The brand relationship spectrum developed by Aaker & Joachimsthaler 2000b, helps with brand architectural analysis.
- House of brands at one extreme to branded house at the other.
Figure 8.3 Brand relationship spectrum

1. House of Brands (Product Specific Branding)

- **Not connected:** Involves an independent set of stand-alone brands, each maximizing the impact on a market
- **Shadow endorser:** not connected visibly to the endorsed brand, but many consumers know about the link
- **Benefits of house of brands:**
  - Allows firms to clearly position brands on functional benefits and to dominate niche segments
    - Example: P&G: Shampoo
      - Head and Shoulder (dandruff control)
      - Pantene (shiny and healthy hair)
    - Example: P&G: Detergent
      - Tide (tough cleaning job)
      - Cheer (all temperature cleaning)
      - Bold (fabric softener)
      - Dash (concentrated powder)
House of Brands

• **Benefits of house of brands:**
  – Avoiding irrelevant brand association
    • Volkswagen group: Volkswagen would adversely affect the image of Porsche, Audi, Bugatti, Bentley, Scania, MAN, Lamborghini image
  – Signaling breakthrough advantages of new offering
    • Toyota launched the premium cars under Lexus
  – Minimizing channel conflict
    • L’Oreal can be sold in discount stores but Lancôme is sold in department and specialty stores

• **Problems of house of brands:**
  – Brand cannibalization
2. Endorsed Brand

• Endorsed brands are independent brands but they are also endorsed by another brand

• Sort of like Umbrella branding or family branding
  – Token endorser
  – Linked name
  – Strong endorsement
Token Endorser

• A variant of the endorser strategy is a token brand endorser, usually a master brand involved in several product-market context, which is substantially less prominent than the endorsed brand
  – E.g. it can be a logo like nestle written on Kitkat bar
Linked Name

• Name with common elements creates a family of brands with an implied or implicit endorser

• A linked name provides the benefits of a separate name without having to establish a second name from scratch and link it to a master brand
  – E.g. Mc Donald: Big Mac, Mac Arabia
Strong Endorsement

• A variant of the endorser strategy is a strong brand endorser, usually a master brand directly involved in the association of its naming and management with the endorsed brand
  – E.g. Courtyard by Marriot is a brand of hotels owned by Marriott International which is designed for business travelers
3. Sub brands

• Sub brands are brands connected to a master or a parent brand and augment or modify the associations of that master brand.

• The master brand here is the primary frame of reference, which is stretched by sub brands that add attributes associations, a signal of newness, a brand personality and even a new energy.

• **One role of sub brand** is to extend a master brand into a meaningful *new segment*.

• if the link between a sub brand and master brand is extremely close, a sub brand can affect the image of the master brand
The sub brand as a co-driver

- When both master brand and sub brand have major driver roles, it is considered a co-driver situation, usually for this case the master brand already has some real credibility in the product class, it may be providing presence, visibility and attitude
  - E.g. Gillette Mach 3
Master brand as a driver

- When master brand has major driver roles
  - Dell Dimension
  - HP desk jet
4. A branded house (Manufacturer Branding)

• In a branded house strategy,
   – a master brand moves from being a primary driver to a dominant driver role across a multiple offerings.
   – The sub brand goes from having a modest driver role to being a descriptor with little or no driver role

• Problems:
  – This option puts a lot of eggs in a single basket, which of course is very risky as it is difficult to maintain a cool image or a quality position with a large market share,
  – it can also limit the firms ability to target specific groups: compromises must be made.

• Benefits: the branded house enhances clarity, synergy and leverage and thus should be the default brand architecture option. It is much easier to understand and recall
A branded house

• Two assumptions:
  – 1. There can be different brand identities and positions in every context despite the common brand name.
    • E.g. GE capital, GE energy, GE appliance
  – 2. There is a single brand identity and position every where even through the imposition of a single brand identity risks a mediocre compromise that is ineffective in many of its context
    • E.g. BMW: sports range and sedan
Industry Cost Structure: Brand Efficiency and Profitability

• Strategic brand decisions will have an impact on the firm’s profitability

• Operational efficiencies can be achieved by the following:
  • **Brand leveraging** – attaching the name to other company offerings. It can occur through brand extension/ acquisition/ merger/ line extension
    • **Benefit:** the existing brand name leverage the new offerings. E.g. Bravia got the leveraging from Sony
    • **Problem:** if the offerings are inconsistent. E.g. Levi formal attire or Cover girl Star Wars makeup kit
Brand Valuation Mechanisms

• Co-branding
  – Bringing together two separate company brands to be marketed together to create a new joint offering and additional value for the customer

• New brand valuation mechanisms
  » Advertising turnover - relationship between advertising expenditure and brand value
  » Brand ROI -

Brand ROI = \[ \frac{\text{Brand Sales}}{\text{Brand value}} \times \frac{\text{Net Income}}{\text{Brand sales}} \]
Differentiation: Consumer Perceptions of Brand and Sustainable Competitive Advantage

- **Customer brand involvement and perceptual connections**
  - Build strong relationships with customers by enhancing customer experience with the brand, its personality and its heritage (Joachimsthaler & Aaker, 1997)
    - E.g. Cadbury theme park in England or HOG (Harley owner group)
Brand Revitalization

- **Brand revitalization** is the marketing strategy adopted when the product reaches the maturity stage of product life cycle, and profits have fallen drastically. It is an attempt to bring the product back in the market and secure the sources of equity i.e. customers.
The brand wheel
The brand wheel

• Feature: extra features offered by the brand.
  – Voice start in Hyundai

• Benefit: benefits provided to TG:
  – benefit of a spacious family car to a big family

• Value: social values, CSR and community citizenship by the company.
  – Ford Britain Trust provides education funds

• Personality: brand personality
  – Mercedes has an “Assertive” and “in control” personality

• Key rewards: the key reason why TG is with the brand
  – Mercedes for class
David Edelman (2010) states that consumers still want distinct brand promises and value, but the consumer touch points are rapidly changing.

Consumer decision making has changed to the following four stages:
- Consideration
- Evaluation
- Purchase
- Enjoyment, Advocacy and Bonding

Due to Funnel Metaphor it’s happening: consumers start with a wide variety of brands and gradually they weed out the undesired one.

Customers are finding new ways to make connections to products/brands.

Strategic brand manager needs to understand consumer social media habits to understand important points for connections and bonds to be built with customers.
Social Media and Branding

- Spenner (2010) advocates the use of a “ringmaster” to handle new media for companies.
- This is an executive who is digitally aware and can coordinate marketing as well as consumer-facing activities.
- One key mechanism is Facebook for social media.
- Malhotra, Malhotra and See (2013) suggest that the number of company likes can be improved by:
  - The use of photos -- Educate the consumer
  - Maintaining topicality -- Connect the brand to human emotions
  - Promote heavily -- Use humor to encourage likes
  - Share brand’s successes -- “Politely” ask for likes
Social Media and Branding

- Facebook provides opportunities to monitor consumer comments since anyone can respond to brand posts on the wall.
- Sharing on Facebook is similar to “retweeting” on Twitter.
- One major difference between the two is that Twitter is more focused on location and is a better forum for event-related material while Facebook is better for engaging consumers in real-time communication.
- The social media focused brand manager must also be monitoring the advent of new platforms which spring up regularly.
Lovemarks

• Kevin Roberts (CEO, Worldwide operations of Saatchi & Saatchi): Branding is flawed as brands are not actually making strong emotional connections with the people

• There are six reasons for this:
  – Brands worn out from overuse
  – Brands no longer mysterious
  – Brands can’t understand new consumer
  – Brands struggle with old fashioned competition
  – Brands have been captured by formula
  – Brands have been smothered by creeping conservatism

• What is needed is to build an emotional bond with the consumer to such an extent that he feels a love for the product

• Roberts (2004) provides a comparison of brands and lovemarks in Table 6.1.
<table>
<thead>
<tr>
<th>Brand</th>
<th>Lovemark</th>
</tr>
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<tbody>
<tr>
<td>stands for information</td>
<td>focuses on relationship</td>
</tr>
<tr>
<td>recognized by consumers</td>
<td>loved by people</td>
</tr>
<tr>
<td>is generic</td>
<td>is personal</td>
</tr>
<tr>
<td>presents a narrative</td>
<td>creates a love story</td>
</tr>
<tr>
<td>promises quality</td>
<td>presents a touch of sensuality</td>
</tr>
<tr>
<td>a set of defined attributes</td>
<td>is wrapped in mystery</td>
</tr>
<tr>
<td>is a set of values</td>
<td>is a spirit</td>
</tr>
<tr>
<td>is professional</td>
<td>is passionately creative</td>
</tr>
</tbody>
</table>

Source: (Roberts, 2004)
Lovemarks

- Pawle and Cooper (2006) developed a measure for emotion that combines qualitative analyses with quantitative measurement to allow metrics to be used for lovemark assessment.

- They develop a grid for measuring the level of love on one axis and the level of respect on the other axis (see Figure 6.5).

- They developed scales for measuring emotional, social, cultural and functional relationships between consumers and brands and combined these with qualitative projective techniques to gain insight into emotional relationships.

- The way for companies to win over the consumer is to create an approach which makes the emotional connection and builds a strong emotional bond.
Figure 6.5: Lovemarks Measurement Matrix

Figure 6.6: Lovemarks Metrics: an Example

The Latest Thinking: Neuromarketing and Sensory Branding

• Neuromarketing links neuromapping and brain function to consumer perceptions, reactions, and brand choice.
• Developed at Harvard in 1990, it involves examination of mental states and reactions to marketing stimuli (Sreedevi et al., 2013).
• New approach to branding that involves neuromarketing is sensory branding.
• Connects the brand to consumer senses leading to a lasting emotional connection between the customer and the brand.
• The more senses that can be brought into the brand experience, the stronger the bond.
• Uses brain imaging studies to probe the interplay between the mind and memory.
• Promising work is being done with smells and touch.
Conclusion

• Strategic Brand management not only requires understanding of brand costs and profits but also consumer perceptions of brand meaning, image and value.

• Tactical decisions must never be attempted without a clear understanding of the perceptual implications of those decisions.

• The company that regularly assesses its brand equity will be in a better position to maintain its relevance with its target markets and ensure not only its long-term brand survival, but also its profitability and market leadership.