Chapter 1

Book note

WHAT IS A BRAND?

What do people think and feel about your personal brand?

Branding yourself individually and uniquely, but not based on your university

Brand yourself to be particular unique in one of the million to be selected to the competition

Positive or negative YOU?

Values. Foundation for your brand

Attitude. Fix or remove your attitude

Passion. Do what you love!

Purpose. What you wanna be? Plan your future!

Six words. Describe yourself. PACKAGING! (and content) you are worded to people who don’t know you. Go ask friends and family.

**Brand equity** is a phrase used in the marketing industry which describes the value of having a well-known brand name, based on the idea that the owner of a well-known brand name can generate more revenue simply from brand recognition; that is from products with that brand name than from products with a less well known name, as consumers believe that a product with a well-known name is better than products with less well-known names.

Branding has been around for centuries as a means to distinguish the goods of one producer

from those of another. In fact, the word brand is derived from the Old Norse word brandr, which

means “to burn,” as brands were and still are the means by which owners of livestock mark their

animals to identify them.2

According to the American Marketing Association (AMA), 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.” Technically

speaking, then, whenever a marketer creates a new name, logo, or symbol for a new product, he

or she has created a brand.

In fact, however, many practicing managers refer to a brand as more than that—as something

that has actually created a certain amount of awareness, reputation, prominence, and so on

in the marketplace. Thus we can make a distinction between the AMA definition of a “brand”

with a small b and the industry’s concept of a “Brand” with a big B. The difference is important

for us because disagreements about branding principles or guidelines often revolve around what

we mean by the term.

Brand Elements

Thus, the key to creating a brand, according to the AMA definition, is to be able to choose a

name, logo, symbol, package design, or other characteristic that identifies a product and distinguishes

it from others. These different components of a brand that identify and differentiate it

are brand elements. We’ll see in Chapter 4 that brand elements come in many different forms.

Brands versus Products

How do we contrast a brand and a product? A **product** is anything we can offer to a market for

attention, acquisition, use, or consumption that might satisfy a need or want. Thus, a product

may be a physical good like a cereal, tennis racquet, or automobile; a service such as an airline,

bank, or insurance company; a retail outlet like a department store, specialty store, or supermarket;

a person such as a political figure, entertainer, or professional athlete; an organization like

a nonprofit, trade organization, or arts group; a place including a city, state, or country; or even

an idea like a political or social cause. This very broad definition of product is the one we adopt

in the book. We’ll discuss the role of brands in some of these different categories in more detail

later in this chapter and in Chapter 15.

We can define five levels of meaning for a product:4

1. The **core benefit level** is the fundamental need or want that consumers satisfy by consuming

the product or service.

2. The **generic product level** is a 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.

3. The **expected product level** is a set of attributes or characteristics that buyers normally

expect and agree to when they purchase a product.

4. The **augmented product level** includes additional product attributes, benefits, or related services

that distinguish the product from competitors.

5. The **potential product level** includes all the augmentations and transformations that a product

might ultimately undergo in the future.

A **brand** is therefore more than a product, because it can have dimensions that differentiate

it in some way from other products designed to satisfy the same need. These differences

may be rational and tangible—related to product performance of the brand—or more symbolic,

emotional, and intangible—related to what the brand represents.

**Ten Firms Rated Highly on Innovation**:

Apple

Amazon

Facebook

General Electric

Google

Groupon

Intel

Microsoft

Twitter

Zynga

WHY DO BRANDS MATTER?

An obvious question is, why are brands important? What functions do they perform that make

them so valuable to marketers? We can take a couple of perspectives to uncover the value of

brands to both customers and firms themselves. Figure 1-3 provides an overview of the different

roles that brands play for these two parties. We’ll talk about consumers first.

Consumers

As with the term product, this book uses the term consumer broadly to encompass all types of

customers, including individuals as well as organizations. To consumers, brands provide important

functions. Brands identify the source or maker of a product and allow consumers to assign

responsibility to a particular manufacturer or distributor. Most important, brands take on special

meaning to consumers. Because of past experiences with the product and its marketing program

over the years, consumers find out which brands satisfy their needs and which ones do not. As a

result, brands provide a shorthand device or means of simplification for their product decisions.7

If consumers recognize a brand and have some knowledge about it, then they do not have

to engage in a lot of additional thought or processing of information to make a product decision.

Thus, from an economic perspective, brands allow consumers to lower the search costs for products

both internally (in terms of how much they have to think) and externally (in terms of how

much they have to look around). Based on what they already know about the brand—its quality,

product characteristics, and so forth—consumers can make assumptions and form reasonable

expectations about what they may not know about the brand.

The meaning imbued in brands can be quite profound, allowing us to think of the relationship

between a brand and the consumer as a type of bond or pact. 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. To the extent that consumers realize advantages and benefits

from purchasing the brand, and as long as they derive satisfaction from product consumption,

they are likely to continue to buy it.

These benefits may not be purely functional in nature. Brands can serve as symbolic devices, allowing

consumers to project their self-image. Certain brands are associated with certain types of people

and thus reflect different values or traits. Consuming such products is a means by which consumers

can communicate to others—or even to themselves—the type of person they are or would like to be.8

Some branding experts believe that for some people, certain brands even play a religious

role of sorts and substitute for religious practices and help reinforce self-worth.9 The cultural

influence of brands is profound and much interest has been generated in recent years in understanding

the interplay between consumer culture and brands.10

**Roles That Brands Play:**

Consumers

Identification of source of product

Assignment of responsibility to product maker

Risk reducer

Search cost reducer

Promise, bond, or pact with maker of product

Symbolic device

Signal of quality

Manufacturers

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

Brands can also play a significant role in signaling certain product characteristics to consumers.

Researchers have classified **products and their associated attributes or benefits into three**

**major categories**: **search goods, experience goods, and credence goods.**11

• For search goods like grocery produce, consumers can evaluate product attributes like sturdiness,

size, color, style, design, weight, and ingredient composition by visual inspection.

• For experience goods like automobile tires, consumers cannot assess product attributes like

durability, service quality, safety, and ease of handling or use so easily by inspection, and

actual product trial and experience is necessary.

• For credence goods like insurance coverage, consumers may rarely learn product attributes.

Given the difficulty of assessing and interpreting product attributes and benefits for experience

and credence goods, brands may be particularly important signals of quality and other

characteristics to consumers for these types of products.12

Brands can reduce the risks in product decisions. Consumers may perceive many different

types of risks in buying and consuming a product:13

• **Functional risk**: The product does not perform up to expectations.

• **Physical risk**:  The product poses a threat to the physical well-being or health of the user or

others.

• **Financial risk**:  The product is not worth the price paid.

• **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.

Consumers can certainly handle these risks in a number of ways, but one way is obviously

to buy well-known brands, especially those with which consumers have had favorable past experiences.

Thus, brands can be a very important risk-handling device, especially in business-tobusiness

settings where risks can sometimes have quite profound implications.

In summary, to consumers, the special meaning that brands take on can change their perceptions

and experiences with a product. The identical product may be evaluated differently depending

on the brand identifi cation or attribution it carries. Brands take on unique, personal meanings

to consumers that facilitate their day-to-day activities and enrich their lives. As consumers’ lives

become more complicated, rushed, and time starved, the ability of a brand to simplify decision

making and reduce risk is invaluable.

Firms

Brands also provide a number of valuable functions to their firms.14 Fundamentally, they serve

an identification purpose, to simplify product handling or tracing. Operationally, brands help organize

inventory and accounting records. A brand also offers the firm legal protection for unique

features or aspects of the product. A brand can retain intellectual property rights, giving legal

title to the brand owner.15 The brand name can be protected through registered trademarks; manufacturing

processes can be protected through patents; and packaging can be protected through

copyrights and designs. These intellectual property rights ensure that the firm can safely invest

in the brand and reap the benefits of a valuable asset.

We’ve seen that these investments in the brand can endow a product with unique associations

and meanings that differentiate it from other products. Brands can signal a certain level of

quality so that satisfied buyers can easily choose the product again.16 This brand loyalty provides

predictability and security of demand for the firm and creates barriers of entry that make it

difficult for other firms to enter the market.

In short, to firms, brands represent enormously valuable pieces of legal property, capable of

influencing consumer behavior, being bought and sold, and providing the security of sustained

future revenues.17 For these reasons, huge sums, often representing large multiples of a brand’s

earnings, have been paid for brands in mergers or acquisitions, starting with the boom years of

The price premium paid for many companies is clearly justified by the opportunity to earn

and sustain extra profits from their brands, as well as by the tremendous difficulty and expense

of creating similar brands from scratch.

Brand Value as a Percentage of Market Capitalization:

CAN ANYTHING BE BRANDED?

Brands clearly provide important benefits to both consumers and firms. An obvious question,

then, is, how are brands created? How do you “brand” a product? Although firms provide the

impetus for brand creation through their marketing programs and other activities, ultimately a

brand is something that resides in the minds of consumers. A brand is a perceptual entity rooted

in reality, but it is more than that—it reflects the perceptions and perhaps even the idiosyncrasies

of consumers.

To brand a product it is necessary to teach consumers “who” the product is—by giving it a name

and using other brand elements to help identify it—as well as what the product does and why consumers

should care. In other words, marketers must give consumers a label for the product (“here’s

how you can identify the product”) and provide meaning for the brand (“here’s what this particular

product can do for you, and why it’s special and different from other brand name products”).

Branding creates mental structures and helps consumers organize their knowledge about

products and services in a way that clarifies their decision making and, in the process, provides

value to the firm. The key to branding is that consumers perceive differences among brands in

a product category. These differences can be related to attributes or benefits of the product or

service itself, or they may be related to more intangible image considerations.

Whenever and wherever consumers are deciding between alternatives, brands can play an

important decision-making role. Accordingly, marketers can benefit from branding whenever

consumers are in a choice situation. Given the myriad choices consumers make each and

every day—commercial and otherwise—it is no surprise how pervasive branding has become.

Consider these two very diverse applications of branding:18

Physical Goods

Physical goods are what are traditionally associated with brands and include many of the bestknown

and highly regarded consumer products, like Mercedes-Benz, Nescafé, and Sony. More

and more companies selling industrial products or durable goods to other companies are recognizing

the benefits of developing strong brands. Brands have begun to emerge among certain

types of physical goods that never supported brands before. Let us consider the role of branding

in industrial “business-to-business” products and technologically intensive “high-tech” products.

Business-to-business products. The business-to-business (B2B) market makes up a huge

percentage of the global economy. Some of the world’s most accomplished and respected brands

belong to business marketers, such as ABB, Caterpillar, DuPont, FedEx, GE, Hewlett-Packard,

IBM, Intel, Microsoft, Oracle, SAP, and Siemens.

**Business-to-business branding** creates a positive image and reputation for the company as

a whole. Creating such goodwill with business customers is thought to lead to greater selling

opportunities and more profitable relationships. A strong brand can provide valuable reassurance

and clarity to business customers who may be putting their company’s fate—and perhaps

their own careers!—on the line. A strong business-to-business brand can thus provide a strong

competitive advantage.

Some B2B firms, however, carry the attitude that purchasers of their products are so wellinformed

and professional that brands don’t matter. Savvy business marketers reject that reasoning

and are recognizing the importance of their brand and how they must execute well in a

number of areas to gain marketplace success.

B2b **Six specific guidelines**—developed in greater

detail in later chapters—can be defined for marketers of B2B

brands.

1. Ensure the entire organization understands and

supports branding and brand management.

Employees at all levels and in all departments must have a

complete, up-to-date understanding of the vision for the

brand and their role in supporting it. A particularly crucial

area is the sales force; personal selling is often the profit

driver of a business-to-business organization. The sales

force must be properly aligned so that the department

can more effectively leverage and reinforce the brand

promise. If branding is done right, the sales force can ensure

that target customers recognize the brand’s benefits

sufficiently to pay a price commensurate with the brand’s

potential value.

2. Adopt a corporate branding strategy if possible and

create a well-defined brand hierarchy. Because of the

breadth and complexity of the product or service mix,

companies selling business-to-business are more likely to

emphasize corporate brands (such as Hewlett-Packard,

ABB, or BASF). Ideally, they will also create straightforward

sub-brands that combine the corporate brand name

with descriptive product modifiers, such as with EMC or

GE. If a company has a distinctive line of business, however,

a more clearly differentiated sub-brand may need

to be developed, like Praxair’s Medipure brand of medical

oxygen, DuPont’s Teflon coating, and Intel’s Centrino

mobile technology.

3. Frame value perceptions. Given the highly competitive

nature of business-to-business markets, marketers must

ensure that customers fully appreciate how their offerings

are different. Framing occurs when customers are given a

perspective or point of view that allows the brand to “put

its best foot forward.” Framing can be as simple as making

sure customers realize all the benefits or cost savings

offered by the brand, or becoming more active in shaping

how customers view the economics of purchasing, owning,

using and disposing of the brand in a different way.

Framing requires understanding how customers currently

think of brands and choose among products and services,

and then determining how they should ideally think and

choose.

4. Link relevant non-product-related brand associations.

In a business-to-business setting, a brand may be differentiated

on the basis of factors beyond product performance,

such as having superior customer service or well-respected

customers or clients. Other relevant brand imagery might

relate to the size or type of firm. For example, Microsoft

and Oracle might be seen as “aggressive” companies,

whereas 3M and Apple might be seen as “innovative.” Imagery

may also be a function of the other organizations to

which the firm sells. For example, customers may believe

that a company with many customers is established and a

market leader.

5. Find relevant emotional associations for the brand.

B2B marketers too often overlook the power of emotions

in their branding. Emotional associations related

to a sense of security, social or peer approval, and selfrespect

can also be linked to the brand and serve as key

sources of brand equity. That is, reducing risk to improve

customers’ sense of security can be a powerful driver of

many decisions and thus an important source of brand

equity; being seen as someone who works with other

top firms may inspire peer approval and personal recognition

within the organization; and, beyond respect and

admiration from others, a business decision-maker may

just feel more satisfied by working with top organizations

and brands.

6. Segment customers carefully both within and across

companies. Finally, in a business-to-business setting, different

customer segments may exist both within and across

organizations. Within organizations, different people may

assume the various roles in the purchase decision process:

Initiator, user, influencer, decider, approver, buyer and gatekeeper.

Across organizations, businesses can vary according

to industry and company size, technologies used and other

capabilities, purchasing policies, and even risk and loyalty

profiles. Brand building must take these different segmentation

perspectives in mind in building tailored marketing

programs.

A **commodity** is a product so basic that it cannot be physically

differentiated from competitors in the minds of consumers.

Over the years, a number of products that at one time

were seen as essentially commodities have become highly differentiated

as strong brands have emerged in the category.

Some notable examples are coffee (Maxwell House), bath soap

(Ivory), flour (Gold Medal), beer (Budweiser), salt (Morton), oatmeal

(Quaker), pickles (Vlasic), bananas (Chiquita), chickens

(Perdue), pineapples (Dole), and even water (Perrier).

High-tech Products. Many technology companies have struggled with branding. Managed

by technologists, these firms often lack any kind of brand strategy and sometimes see branding

as simply naming their products. In many of their markets, however, financial success is no longer

driven by product innovation alone, or by the latest and greatest product specifications and

features. Marketing skills are playing an increasingly important role in the adoption and success

of high-tech products.

**10 guidelines high tech**

that managers for high-tech companies can use to improve

their company’s brand strategy.

1. It is important to have a brand strategy that provides

a roadmap for the future. Technology companies too

often rely on the faulty assumption that the best product

based on the best technology will sell itself. As the market

failure of the Sony Betamax illustrates, the company with

the best technology does not always win.

2. Understand your brand hierarchy and manage it appropriately

over time. A strong corporate brand is vital

in the technology industry to provide stability and help

establish a presence on Wall Street. Since product innovations

provide the growth drivers for technology companies,

however, brand equity is sometimes built in the product

name to the detriment of corporate brand equity.

3. Know who your customer is and build an appropriate

brand strategy. Many technology companies understand

that when corporate customers purchase business-tobusiness

products or services, they are typically committing

to a long-term relationship. For this reason, it is advisable

for technology companies to establish a strong corporate

brand that will endure over time.

4. Realize that building brand equity and selling products

are two different exercises. Too often, the emphasis on

developing products leads to an overemphasis on branding

them. When a company applies distinct brand names to too

many products in rapid succession, the brand portfolio becomes

cluttered and consumers may lose perspective on the

brand hierarchy. Rather than branding each new innovation

separately, a better approach is to plan for future innovations

by developing an extendable branding strategy.

5. Brands are owned by customers, not engineers. In

many high-tech firms, CEOs work their way up the ladder

through the engineering divisions. Although engineers

have an intimate knowledge of products and technology,

they may lack the big-picture brand view. Compounding

this problem is the fact that technology companies typically

spend less on consumer research compared with other

types of companies. As a result of these factors, tech companies

often do not invest in building strong brands.

6. Brand strategies need to account for the attributes

of the CEO and adjust accordingly. Many of the world’s

top technology companies have highly visible CEOs, especially

compared with other industries. Some notable

high-tech CEOs with prominent public personas include

Oracle’s Larry Ellison, Cisco’s John Chambers, Dell’s Michael

Dell, and (until 2011), Apple’s Steve Jobs. In each case, the

CEO’s identity and persona are inextricably woven into the

fabric of the brand.

7. Brand building on a small budget necessitates leveraging

every possible positive association. Technology

companies typically prioritize their marketing mix as follows

(in order from most important to least important):

industry analyst relations, public relations, trade shows,

seminars, direct mail, and advertising. Often, direct mail

and advertising are discretionary items in a company’s

marketing budget and may in fact receive no outlay.

8. Technology categories are created by customers and

external forces, not by companies themselves. In their

quest for product differentiation, new technology companies

have a tendency to reinvent the wheel and claim they

have created a new category. Yet only two groups can truly

create categories: analysts and customers. For this reason,

it is important for technology companies to manage their

relationships with analysts in order to attract consumers.

9. The rapidly changing environment demands that you

stay in tune with your internal and external environment.

The rapid pace of innovation in the technology sector

dictates that marketers closely observe the market conditions

in which their brands do business. Trends in brand

strategy change almost as rapidly as the technology.

10. Invest the time to understand the technology and

value proposition and do not be afraid to ask questions.

It is important for technology marketers to ask questions

in order to educate themselves and build credibility with

the company’s engineering corps and with customers. To

build trust among engineers and customers, marketers must

strive to learn as much as they can about the technology.

Services

Although strong service brands like American Express, British Airways, Ritz-Carlton, Merrill

Lynch, and Federal Express have existed for years, the pervasiveness of service branding and its

sophistication have accelerated in the past decade.

Role of Branding with Services. One of the challenges in marketing services is that they are

less tangible than products and more likely to vary in quality, depending on the particular person

or people providing them. For that reason, branding can be particularly important to service

firms as a way to address intangibility and variability problems. Brand symbols may also be especially

important, because they help make the abstract nature of services more concrete. Brands

can help identify and provide meaning to the different services provided by a firm. For example,

branding has become especially important in financial services to help organize and label the

myriad new offerings in a manner that consumers can understand.

Branding a service can also be an effective way to signal to consumers that the firm has

designed a particular service offering that is special and deserving of its name. For example,

British Airways not only brands its premium business class service as “Club World”; it also

brands its regular coach service as “World Traveler,” a clever way to communicate to the airline’s

regular passengers that they are also special in some way and that their patronage is not

taken for granted. Branding has clearly become a competitive weapon for services.

Professional Services. Professional services firm such as Accenture (consulting),

Goldman Sachs (investment banking), Ernst & Young (accounting), and Baker Botts (law)

offer specialized expertise and support to other businesses and organizations. Professional

services branding is an interesting combination of B2B branding and traditional consumer

services branding.

Corporate credibility is key in terms of expertise, trustworthiness, and likability. Variability

is more of an issue with professional services because it is harder to standardize the services of a

consulting firm than those of a typical consumer services firm (like Mayflower movers or Orkin

pest control). Long-term relationships are crucial too; losing one customer can be disastrous if it

is a big enough account.

One big difference in professional services is that individual employees have a lot more

of their own equity in the firm and are often brands in their own right! The challenge is therefore

to ensure that their words and actions help build the corporate brand and not just their

For a big enough account. own. Ensuring that the organization retain at least some of the equity that employees (especially

senior ones) build is thus crucial in case any of them leave.

Referrals and testimonials can be powerful when the services offered are highly intangible

and subjective. Emotions also play a big role in terms of sense of security and social approval.

Switching costs can be significant and pose barriers to entry for competitors, but clients do have

the opportunity to bargain and will often do so to acquire more customized solutions.

Retailers and Distributors

To retailers and other channel members distributing products, brands provide a number of important

functions. Brands can generate consumer interest, patronage, and loyalty in a store, as

consumers learn to expect certain brands and products. To the extent “you are what you sell,”

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 their service, their product

assortment and merchandising, and their pricing and credit policy. Finally, the appeal and attraction

of brands, whether manufacturers’ brands or the retailers’ own brands, can yield higher

price margins, increased sales volumes, and greater profits.

Retailers can introduce their own brands by using their store name, creating new names, or

some combination of the two. Many distributors, especially in Europe, have actually introduced

their own brands, which they sell in addition to—or sometimes even instead of—manufacturers’

brands. Products bearing these **store brands** o**r private label brands** offer another way for retailers

to increase customer loyalty and generate higher margins and profits.

Online Products and Services

Some of the strongest brands in recent years have been born online. Google, Facebook, and

Twitter are three notable examples. That wasn’t always the case. At the onset of the Internet,

many online marketers made serious—and sometimes fatal—mistakes. Some oversimplified

the branding process, equating flashy or unusual advertising with building a brand. Although

such marketing efforts sometimes caught consumers’ attention, more often than not they

failed to create awareness of what products or services the brand represented, why those

products or services were unique or different, and most important, why consumers should

visit their Web site.

Online marketers now realize the realities of brand building. First, as for any brand, it is

critical to create unique aspects of the brand on some dimension that is important to consumers,

such as convenience, price, or variety. At the same time, the brand needs to perform satisfactorily

in other areas, such as customer service, credibility, and personality. For instance, customers

increasingly began to demand higher levels of service both during and after their Web

site visits.

Successful online brands have been well positioned and have found unique ways to satisfy

consumers’ unmet needs. By offering unique features and services to consumers, the best online

brands are able to avoid extensive advertising or lavish marketing campaigns, relying more on

word-of-mouth and publicity.

People and Organizations

When the product category is people or organizations, the naming aspect of branding, at least,

is generally straightforward. These often have well-defined images that are easily understood

and liked (or disliked) by others. That’s particularly true for public figures such as politicians,

entertainers, and professional athletes. All these compete in some sense for public approval and

acceptance, and all benefit from conveying a strong and desirable image.

That’s not to say that only the well-known or famous can be thought of as a brand.

Certainly, one key for a successful career in almost any area is that co-workers, superiors,

or even important people outside your company or organization know who you are and recognize

your skills, talents, attitude, and so forth. By building up a name and reputation in a

business context, you are essentially creating your own brand.25  The right awareness and image

can be invaluable in shaping the way people treat you and interpret your words, actions,

and deeds.

Sports, Arts, and Entertainment

A special case of marketing people and organizations as brands exists in the sports, arts, and

entertainment industries. Sports marketing has become highly sophisticated in recent years, employing

traditional packaged-goods techniques. No longer content to allow win–loss records to

dictate attendance levels and financial fortunes, many sports teams are marketing themselves

through a creative combination of advertising, promotions, sponsorship, direct mail, digital,

and other forms of communication. By building awareness, image, and loyalty, these sports

franchises are able to meet ticket sales targets regardless of what their team’s actual performance

might turn out to be. Brand symbols and logos in particular have become an important financial

contributor to professional sports through licensing agreements.

Branding plays an especially valuable function in the arts and entertainment industries that

bring us movies, television, music, and books. These offerings are good examples of experience

goods: prospective buyers cannot judge quality by inspection and must use cues such as the

particular people involved, the concept or rationale behind the project, and word-of-mouth and

critical reviews.

A strong brand is valuable in the entertainment industry because of the fervent feelings that

names generate as a result of pleasurable past experiences. A new album release from Neil Finn

would probably not cause much of a ripple in the marketplace, even if it were marketed as coming

from a founding member of the band Crowded House. If it were to actually be released and

marketed under the Crowded House name, however, greater media attention and higher sales

would be virtually guaranteed

Geographic Locations

Increased mobility of both people and businesses and growth in the tourism industry have contributed

to the rise of place marketing. Cities, states, regions, and countries are now actively

promoted through advertising, direct mail, and other communication tools. These campaigns

aim to create awareness and a favorable image of a location that will entice temporary visits or

permanent moves from individuals and businesses alike. Although the brand name is usually

preordained by the name of the location, there are a number of different considerations in building

a place brand, some of which are considered in Branding Brief 1-3.

Ideas and Causes

Finally, numerous ideas and causes have been branded, especially by nonprofit organizations.

They may be captured in a phrase or slogan and even be represented by a symbol,

such as AIDS ribbons. By making ideas and causes more visible and concrete, branding

can provide much value. As Chapter 11 describes, cause marketing increasingly relies on

sophisticated marketing practices to inform or persuade consumers about the issues surrounding

a cause.

WHAT ARE THE STRONGEST BRANDS?

**Twenty-Five Most Valuable Global Brands:**

Factors Determining Enduring Leadership:

Vision of the Mass Market

Companies with a keen eye for mass market tastes are more likely to build a

broad and sustainable customer base. Although Pampers was not the market

leader in the disposable diaper category during its first several years, it spent

significantly on research and development in order to design an affordable and

effective disposable diaper. Pampers quickly became the market leader.

Managerial Persistence

The “breakthrough” technology that can drive market leadership often

requires the commitment of company resources over long periods of time. For

example, JVC spent 21 years researching the VHS video recorder before

launching it in 1976 and becoming a market leader.

Financial Commitment

The cost of maintaining leadership is high because of the demands for research

and development and marketing. Companies that aim for short-term

profitability rather than long-term leadership, as Rheingold Brewery did when

it curtailed support of its Gablinger’s light beer a year after the 1967

introduction of the product, are unlikely to enjoy enduring leadership.

Relentless Innovation

Due to changes in consumer tastes and competition from other firms,

companies that wish to maintain leadership positions must continually

innovate. Gillette, both a long-term leader and historically an innovator,

typically has at least 20 shaving products on the drawing board at any given

time.

Asset Leverage

Companies can become leaders in some categories if they hold a leadership

position in a related category. For instance, Coca-Cola leveraged its success and

experience with cola (Coke) and diet cola (Tab) to introduce Diet Coke in 1982.

Within one year of its introduction, Diet Coke became the market leader.

BRANDING CHALLENGES AND OPPORTUNITIES

Although brands may be as important as ever to consumers, in reality brand management may

be more difficult than ever. Let’s look at some recent developments that have significantly complicated

marketing practices and pose challenges for brand managers (see Figure 1-9).32

Savvy Customers有常识的

Increasingly, consumers and businesses have become more experienced with marketing, more

knowledgeable about how it works, and more demanding. A well-developed media market pays

increased attention to companies’ marketing actions and motivations. Consumer information

and support exists in the form of consumer guides (Consumer Reports), Web sites (Epinions

.com), influential blogs, and so on.

Landor Breakaway

Brands (2011)：

The Breakaway Brands

survey, conducted by

Landor Associates using

Young & Rubicam’s

BrandAsset Valuator

database, identifies those

brands that exhibited the

greatest increases in Brand

Strength from 2007–2010.

Growth in brand strength

indicates how much the

brand’s raw strength

score has risen over the

past three years, expressed

in percentage terms (www

.landor.com).

Example of Multiple Consumer Information Sources：

**Challenges to Brand Builders：**

Savvy customers

More complex brand families and portfolios

Maturing markets

More sophisticated and increasing competition

Difficulty in differentiating

Decreasing brand loyalty in many categories

Growth of private labels

Increasing trade power

Fragmenting media coverage

Eroding traditional media effectiveness

Emerging new communication options

Increasing promotional expenditures

Decreasing advertising expenditures

Increasing cost of product introduction and support

Short-term performance orientation

Increasing job turnover

Pronounced economic cycles

Economic Downturns

A severe recession that commenced in 2008 threatened the fortunes of many brands. One

research study of consumers at the end of 2009 found the following sobering facts:34

• 18 percent of consumers reported that they had bought lower-priced brands of consumer

packaged goods in the past two years.

• 46 percent of the switchers to less expensive products said “they found better performance

than they expected,” with the vast majority saying performance was actually much better

than expected.

• 34 percent of the switchers said “they no longer preferred higher-priced products.”

As the economy appeared to move out of the recession, the question was whether attitudes

and behaviors that did change would revert back to their pre-recession norms. Regardless, there

will always be economic cycles and ups and downs, and The Science of Branding 1-4 offers

some guidelines for marketing brands during economic downturns.

Brand Proliferation

Another important change in the branding environment is the proliferation of new brands and

products, in part spurred by the rise in line and brand extensions. As a result, a brand name may

now be identified with a number of different products with varying degrees of similarity. Marketers

of brands such as Coke, Nivea, Dove, and Virgin have added a host of new products under

their brand umbrellas in recent years. There are few single (or “mono”) product brands around,

which complicates the decisions that marketers have to make.

Marketing Brands in a Recession：

Explore the Upside of Actually Increasing

Investment

Does it pay to invest during a recession? Forty years of evidence

from past recessions suggest that firms willing to capitalize on

a marketing opportunity by investing during a recession have,

on average, improved their fortunes compared with firms that

chose to cut back.

Now, More Than Ever, Get Closer to Your

Consumer

In tough times, consumers may change what they want and

can afford, where and how they shop, even what they want

to see and hear from a firm. A downturn is an opportunity for

marketers to learn even more about what consumers are thinking,

feeling, and doing, especially the loyal customer base that

is the source of so much of a brand’s profitability. Any changes

must be identified and characterized as temporary adjustments

versus permanent shifts.

Rethink How You Spend Your Money

Budget allocations can be sticky and not change enough to reflect

a fluid marketing environment. A recession provides an

opportunity for marketers to closely review how much and in

what ways they are spending their money. Budget reallocations

can allow marketers to try new, promising options and eliminate

sacred-cow approaches that no longer provide sufficient

revenue benefits.

Put Forth the Most Compelling Value

Proposition

It’s a mistake in a recession to be overly focused on price reductions

and discounts that can harm long-term brand equity

and price integrity. Marketers should focus on increasing—

and clearly communicating—the value their brands offer

consumers, making sure consumers appreciate all the financial,

logistical, and psychological benefits compared with the

competition.

Fine-Tune Your Brand and Product Offerings

Marketers must make sure they have the right products to

sell to the right consumers in the right places and times. They

should carefully review their product portfolios and brand architecture

to ensure that brands and sub-brands are clearly

differentiated and targeted, and that optimal support is given

to brands and sub-brands based on their prospects. Because

certain brands or sub-brands appeal to different economic segments,

those that target the lower end of the socioeconomic

spectrum may be particularly important during a recession. Bad

times also are an opportunity to prune brands or products that

have diminished prospects.

Media Transformation

Another important change in the marketing environment is the erosion or fragmentation of traditional

advertising media and the emergence of interactive and nontraditional media, promotion,

and other communication alternatives. For several reasons related to media cost, clutter, and

fragmentation—as outlined in Chapter 6—marketers have become disenchanted with traditional

advertising media, especially network television.

Thus the percentage of the communication budget devoted to advertising has shrunk over

the years. In its place, marketers are spending more on nontraditional forms of communication

and on new and emerging forms of communication such as interactive digital media; sports and

event sponsorship; in-store advertising; mini-billboards in transit vehicles, parking meters, and

other locations; and product placement in movies.

Increased Competition

One reason marketers have been forced to use so many financial incentives or discounts is that

the marketplace has become more competitive. Both demand-side and supply-side factors have

contributed to the increase in competitive intensity. On the demand side, consumption for many

products and services has flattened and hit the maturity stage, or even the decline stage, of the

product life cycle. As a result, marketers can achieve sales growth for brands only by taking

away competitors’ market share. On the supply side, new competitors have emerged due to a

number of factors, such as the following:

• **Globalization**: Although firms have embraced globalization as a means to open new markets

and potential sources of revenue, it has also increased the number of competitors in

existing markets, threatening current sources of revenue.

• **Low-priced competitors**: Market penetration by generics, private labels, and low-priced

“clones” imitating product leaders has increased on a worldwide-basis. Retailers have

gained power and often dictate what happens within the store. Their chief marketing weapon

is price, and they have introduced and pushed their own brands and demanded greater compensation

from trade promotions to stock and display national brands.

• **Brand extensions**: We’ve noted that many companies have taken their existing brands and

launched products with the same name into new categories. Many of these brands provide

formidable opposition to market leaders.

• **Deregulation**: Certain industries like telecommunications, financial services, health care,

and transportation have become deregulated, leading to increased competition from outside

traditionally defined product-market boundaries.

Increased Costs

At the same time that competition is increasing, the cost of introducing a new product or supporting

an existing product has increased rapidly, making it difficult to match the investment and

level of support that brands were able to receive in previous years. In 2008, about 123,000 new

consumer products were introduced in the United States, but with a failure rate estimated at over

90 percent. Given the millions of dollars spent on developing and marketing a new product, the

total failure cost was conservatively estimated by one group to exceed billions of dollars.37

Greater Accountability

Finally, marketers often find themselves responsible for meeting ambitious short-term profit targets

because of financial market pressures and senior management imperatives. Stock analysts

value strong and consistent earnings reports as an indication of the long-term financial health of

a firm. As a result, marketing managers may find themselves in the dilemma of having to make

decisions with short-term benefits but long-term costs (such as cutting advertising expenditures).

Moreover, many of these same managers have experienced rapid job turnover and promotions

THE BRAND EQUITY CONCEPT

One of the most popular and potentially important marketing concepts to arise in the

1980s was brand equity.  Its emergence, however, has meant both good news and bad news

to marketers. The good news is that brand equity has elevated the importance of the brand in

marketing strategy and provided focus for managerial interest and research activity. The bad

news is that, confusingly, the concept has been defi ned a number of different ways for a number

of different purposes. No common viewpoint has emerged about how to conceptualize and

measure brand equity.

Branding is all about creating differences. Most marketing observers also agree with the following

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 (in terms of greater proceeds or lower costs or both).

STRATEGIC BRAND MANAGEMENT PROCESS

**Strategic brand management** involves the design and implementation of marketing programs

and activities to build, measure, and manage brand equity. In this text, we define the strategic

**brand management process** as having **four main steps** (see Figure 1-12):

1. Identifying and developing brand plans

2. Designing and implementing brand marketing programs

3. Measuring and interpreting brand performance

4. Growing and sustaining brand equity

Identifying and Developing Brand Plans

The strategic brand management process starts with a clear understanding of what the brand is

to represent and how it should be positioned with respect to competitors.41 Brand planning, as

described in Chapters 2 and 3, uses the following three interlocking models.

• The brand positioning model describes how to guide integrated marketing to maximize

competitive advantages.

• The brand resonance model describes how to create intense, activity loyalty relationships

with customers.

• The brand value chain is a means to trace the value creation process for brands, to better

understand the financial impact of brand marketing expenditures and investments.

Designing and Implementing Brand Marketing Programs

As Chapter 2 outlines, building brand equity requires properly positioning the brand in the minds

of customers and achieving as much brand resonance as possible. In general, this knowledgebuilding

process will depend on three factors:

1. The initial choices of the brand elements making up the brand and how they are mixed and

matched;

2. The marketing activities and supporting marketing programs and the way the brand is integrated

into them; and

3. Other associations indirectly transferred to or leveraged by the brand as a result of linking

it to some other entity (such as the company, country of origin, channel of distribution, or

another brand).

**Strategic Brand Management Process：**

building brand equity

Choosing Brand Elements. The most common brand elements are brand names, URLs,

logos, symbols, characters, packaging, and slogans. The best test of the brand-building contribution

of a brand element is what consumers would think about the product or service if they knew

only its brand name or its associated logo or other element. Because different elements have

different advantages, marketing managers often use a subset of all the possible brand elements

or even all of them. Chapter 4 examines in detail the means by which the choice and design of

brand elements can help to build brand equity.

Integrating the Brand into Marketing Activities and the Supporting Marketing

Program. Although the judicious choice of brand elements can make some contribution to

building brand equity, the biggest contribution comes from marketing activities related to the

brand. This text highlights only some particularly important marketing program considerations

for building brand equity. Chapter 5 addresses new developments in designing marketing programs

as well as issues in product strategy, pricing strategy, and channels strategy. Chapter 6 addresses

issues in communications strategy.

Leveraging Secondary Associations. The third and final way to build brand equity is to leverage

secondary associations. Brand associations may themselves be linked to other entities that

have their own associations, creating these secondary associations. For example, the brand may

be linked to certain source factors, such as the company (through branding strategies), countries

or other geographical regions (through identification of product origin), and channels of distribution

(through channel strategy), as well as to other brands (through ingredients or co-branding),

characters (through licensing), spokespeople (through endorsements), sporting or cultural events

(through sponsorship), or some other third-party sources (through awards or reviews).

Because the brand becomes identified with another entity, even though this entity may not

directly relate to the product or service performance, consumers may infer that the brand shares

associations with that entity, thus producing indirect or secondary associations for the brand.

Measuring and Interpreting Brand Performance

To manage their brands profitably, managers must successfully design and implement a brand

equity measurement system. A **brand equity measurement system** is a 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. As described in Chapter 8, implementing such a system involves three key steps—

conducting brand audits, designing brand tracking studies, and establishing a brand equity

management system.

The task of determining or evaluating a brand’s positioning often benefits from a brand

audit. A brand audit is a comprehensive examination of a brand to assess its health, uncover its

sources of equity, and suggest ways to improve and leverage that equity. A brand audit requires

understanding sources of brand equity from the perspective of both the firm and the consumer.

Once marketers have determined the brand positioning strategy, they are ready to put into place

the actual marketing program to create, strengthen, or maintain brand associations. Brand tracking

studies collect information from consumers on a routine basis over time, typically through quantitative

measures of brand performance on a number of key dimensions marketers can identify in the

brand audit or other means.Chapters 9 and 10 describe a number of measures to operationalize it.

A brand equity management system is a set of organizational processes designed to improve

the understanding and use of the brand equity concept within a firm. Three major steps

help implement a brand equity management system: creating brand equity charters, assembling

brand equity reports, and defining brand equity responsibilities.

Growing and Sustaining Brand Equity

Maintaining and expanding on brand equity can be quite challenging. Brand equity management

activities take a broader and more diverse perspective of the brand’s equity—understanding how

branding strategies should reflect corporate concerns and be adjusted, if at all, over time or over

geographical boundaries or multiple market segments.

Defining Brand Architecture. The firm’s brand architecture provides general guidelines

about its branding strategy and which brand elements to apply across all the different products

sold by the firm. Two key concepts in defining brand architecture are brand portfolios and the

brand hierarchy. The brand portfolio is the set of different brands that a particular firm offers for

sale to buyers in a particular category. The brand hierarchy displays the number and nature of

common and distinctive brand components across the firm’s set of brands.

Managing Brand Equity over Time. Effective brand management also requires taking

a long-term view of marketing decisions. A long-term perspective of brand management

recognizes that any changes in the supporting marketing program for a brand may, by changing

consumer knowledge, affect the success of future marketing programs. A long-term view

also 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. Chapter 13 outlines issues related to managing brand equity over time.

Managing Brand Equity over Geographic Boundaries, Cultures, and Market

Segments. Another important consideration in managing brand equity is recognizing and

accounting for different types of consumers in developing branding and marketing programs.

International factors and global branding strategies are particularly important in these decisions.

In expanding a brand overseas, managers need to build equity by relying on specific knowledge

about the experience and behaviors of those market segments. Chapter 14 examines issues

related to broadening of brand equity across market segments.

REVIEW

This chapter began by defining a brand as a name, term, sign, symbol, or design, or some combination

of these elements, intended to identify the goods and services of one seller or group of

sellers and to differentiate them from those of competitors. The different components of a brand

(brand names, logos, symbols, package designs, and so forth) are brand elements. Brand elements

come in many different forms. A **brand** is distinguished from a product, which is defined as

anything that can be offered to a market for attention, acquisition, use, or consumption that might

satisfy a need or want. A product may be a physical good, service, retail store, person, organization,

place, or idea.

A brand is a product, but one that adds other dimensions that differentiate it in some way

from other products designed to satisfy the same need. These differences may be rational and

tangible—related to product performance of the brand—or more symbolic, emotional, or

intangible—related to what the brand represents. Brands themselves are valuable intangible assets

that need to be managed carefully. Brands offer a number of benefits to customers and the firms.

The key to branding is that consumers perceive differences among brands in a product category.

Marketers can brand virtually any type of product by giving the product a name and

attaching meaning to it in terms of what it has to offer and how it differs from competitors.

A number of branding challenges and opportunities faced by present-day marketing managers

were outlined related to changes in customer attitudes and behavior, competitive forces, marketing

efficiency and effectiveness, and internal company dynamics.

The strategic brand management process has four steps:

1. Identifying and developing brand plans

2. Designing and implementing brand marketing programs

3. Measuring and interpreting brand performance

4. Growing and sustaining brand equity

chapter 2

Customer-Based Brand Equity and Brand Positioning

CUSTOMER-BASED BRAND EQUITY

Two questions often arise in brand marketing: What makes a brand strong? and How do you

build a strong brand? To help answer both, we introduce the concept of **customer based brand**

**equity** (CBBE). Although a number of useful perspectives concerning brand equity have been

put forth, the CBBE concept provides a unique point of view on what brand equity is and how it

should best be built, measured, and managed.

Defining Customer-Based Brand Equity

The **CBBE** concept approaches brand equity from the perspective of the consumer—

whether the consumer is an individual or an organization or an existing or prospective customer.

Understanding the needs and wants of consumers and organizations and devising

products and programs to satisfy them are at the heart of successful marketing. In particular,

marketers face two fundamentally important questions: What do different brands mean to consumers? and How does the brand knowledge of consumers affect their response to marketing

activity?

The basic premise of the CBBE concept is that the power of a brand lies in what customers

have learned, felt, seen, and heard about the brand as a result of their experiences over time. In

other words, the power of a brand lies in what resides in the minds and hearts of customers.  The

challenge for marketers 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.

We formally define **customer-based brand equity** as the differential effect that brand

knowledge has on consumer response to the marketing of that brand. A brand has positive

customer-based brand equity when consumers react more favorably to a product and the way it

is marketed when the brand is identified than when it is not (say, when the product is attributed

to a fictitious虚构的 name or is unnamed). Thus, customers might be more accepting of a new brand

extension for a brand with positive customer-based brand equity, less sensitive to price increases

and withdrawal of advertising support, or more willing to seek the brand in a new distribution

channel. On the other hand, a brand has negative customer-based brand equity if consumers

react less favorably to marketing activity for the brand compared with an unnamed or fictitiously

named version of the product.

Let’s look at the **three key ingredients to this definition**: (1) “differential effect,” (2)

“brand knowledge,” and (3) “consumer response to marketing.” First, brand equity arises

from differences in consumer response. If no differences occur, then the brand-name

product can essentially be classified as a commodity or a generic version of the product.

Competition, most likely, would then just be based on price. Second, these differences in

response are a result of consumers’ knowledge about the brand, that is, what they have

learned, felt, seen, and heard about the brand as a result of their experiences over time.

Thus, although strongly influenced by the marketing activity of the firm, brand equity ultimately

depends on what resides in the minds and hearts of consumers. Third, customers’

differential responses, which make up brand equity, are reflected in perceptions, preferences,

and behavior related to all aspects of brand marketing, for example, including choice

of a brand, recall of copy points from an ad, response to a sales promotion, and evaluations

of a proposed brand extension.

The simplest way to illustrate what we mean by customer-based brand equity is to consider

one of the typical results of product sampling or comparison tests. In blind taste tests, two

groups of consumers sample a product: one group knows which brand it is, the other doesn’t.

Invariably, the two groups have different opinions despite consuming the same product.

**Marketing Advantages of Strong Brands**

Improved perceptions of product performance

Greater loyalty

Less vulnerability to competitive marketing actions

Less vulnerability to marketing crises

Larger margins

More inelastic consumer response to price increases

More elastic consumer response to price decreases

Greater trade cooperation and support

Increased marketing communication effectiveness

Possible licensing opportunities

Additional brand extension opportunities

Brand Equity as a Bridge

Thus, according to the customer-based brand equity concept, consumer knowledge drives the

differences that manifest themselves in terms of brand equity. This realization has important

managerial implications. For one thing, brand equity provides marketers with a vital strategic

bridge from their past to their future.

Brands as a Reflection of the Past. Marketers should consider all the dollars spent on

manufacturing and marketing products each year not so much as “expenses” but as “investments”

in what consumers saw, heard, learned, felt, and experienced about the brand. If not

properly designed and implemented, these expenditures may not be good investments, in that

they may not have created the right knowledge structures in consumers’ minds, but we should

consider them investments nonetheless. Thus, the **quality** of the investment in brand building

is the most critical factor, not the **quantity** beyond some minimal threshold amount. In fact, it

is possible to “overspend” on brand building if money is not being spent wisely. Conversely,

as we’ll see throughout the book, some brands are considerably outspent but amass a great

deal of brand equity through marketing activities that create valuable, enduring memory traces

in the minds of consumers, as has been the case with Snickers.

Brands as a Direction for the Future. The brand knowledge that marketers create over

time dictates appropriate and inappropriate future directions for the brand. Consumers will

decide, based on their brand knowledge, where they think the brand should go and grant permission

(or not) to any marketing action or program. Thus, at the end of the day, the true value and

future prospects of a brand rest with consumers and their knowledge about the brand.

No matter how we define brand equity, though, its value to marketers as a concept ultimately

depends on how they use it. Brand equity can offer focus and guidance, providing a means to interpret

past marketing performance and design future marketing programs. Everything the firm

does can help enhance or detract from brand equity. Those marketers who build strong brands

have embraced the concept and use it to its fullest as a means of clarifying, communicating, and

implementing their marketing actions.

Other factors can influence brand success, and **brand equity** has meaning for other constituents

besides customers, such as employees, suppliers, channel members, media, and the government.6

MAKING A BRAND STRONG: BRAND KNOWLEDGE

From the perspective of the CBBE concept, brand knowledge is the key to creating brand equity,

because it creates the differential effect that drives brand equity. What marketers need, then, is

an insightful way to represent how brand knowledge exists in consumer memory. An influential

model of memory developed by psychologists is helpful for this purpose.7

The **associative network memory model** views memory as a network of nodes and connecting

links, in which nodes represent stored information or concepts, and links represent the strength of association between the nodes节点. Any type of information—whether it’s verbal, abstract, or contextual—can be stored in the memory network.

We can consider **brand knowledge**

as having two components: **brand awareness** and **brand image**. Brand awareness is related to the

strength of the brand node or trace in memory, which we can measure as the consumer’s ability to

identify the brand under different conditions.8 It is a necessary, but not always a sufficient, step in

building brand equity. Other considerations, such as the image of the brand, often come into play.

**brand image** is consumers’ perceptions about a brand, as reflected by the brand associations held in consumer memory.10 In other words, **brand associations** are the other informational nodes linked to the

brand node in memory and contain the meaning of the brand for consumers. Associations come

in all forms and may reflect characteristics of the product or aspects independent of the product.

Possible Apple Computer Associations:

SOURCES OF BRAND EQUITY

What causes brand equity to exist? How do marketers create it? Customer-based 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. In some cases, brand awareness

alone is enough to create favorable consumer response; for example, in low-involvement decisions when

consumers are willing to base their choices on mere familiarity. In most other cases, however, the

strength, favorability, and uniqueness of brand associations play a critical role in determining the differential

response that makes up brand equity. If customers perceive the brand as only representative

of the product or service category, then they’ll respond as if the offering were unbranded.

Thus marketers must also convince consumers that there are meaningful differences among brands.

Consumers must not think all brands in the category are the same. Establishing a positive brand image in

consumer memory—strong, favorable, and unique brand associations—goes hand-in-hand with creating

brand awareness to build customer-based brand equity. Let’s look at both these **sources** of brand equity:

Brand Awareness

Brand awareness consists of brand recognition and brand recall performance:

• **Brand recognition** is consumers’ ability to confirm prior exposure to the brand when given

the brand as a cue. In other words, when they go to the store, will they be able to recognize

the brand as one to which they have already been exposed?

• **Brand recall** is consumers’ ability to retrieve the brand from memory when given the product

category, the needs fulfilled by the category, or a purchase or usage situation as a cue. In other

words, consumers’ recall of Kellogg’s Corn Flakes will depend on their ability to retrieve the

brand when they think of the cereal category or of what they should eat for breakfast or a snack,

whether at the store when making a purchase or at home when deciding what to eat.

Note, however, that even though brand recall may be less important at the point of purchase,

consumers’ brand evaluations and choices will still often depend on what else they recall about

the brand given that they are able to recognize it there. As is the case with most information in

memory, we are generally more adept at recognizing a brand than at recalling it.

Advantages of Brand Awareness. What are the benefits of creating a high level of brand

awareness? There are three—l**earning advantages, consideration advantages, and choice advantages.**

Learning Advantages: Brand awareness influences the formation and strength of the associations

that make up the brand image. To create a brand image, marketers must first establish a

brand node in memory, the nature of which affects how easily the consumer learns and stores

additional brand associations. The first step in building brand equity is to register the brand in the

minds of consumers. If the right brand elements are chosen, the task becomes easier.

Consideration Advantages: Consumers must consider the brand whenever they are making

a purchase for which it could be acceptable or fulfilling a need it could satisfy. Raising brand

awareness increases the likelihood that the brand will be a member of the consideration set, the

handful of brands that receive serious consideration for purchase.13 Much research has shown

that consumers are rarely loyal to only one brand but instead have a set of brands they would

consider buying and another—possibly smaller—set of brands they actually buy on a regular

basis. Because consumers typically consider only a few brands for purchase, making sure that the

brand is in the consideration set also makes other brands less likely to be considered or recalled.14

Choice Advantages: The third advantage of creating a high level of brand awareness

is that it can affect choices among brands in the consideration set, even if there are

essentially no other associations to those brands.15 For example, consumers have

been shown to adopt a decision rule in some cases to buy only more familiar, wellestablished

brands.16 Thus, in low-involvement decision settings, a minimum level of brand

awareness may be sufficient for product choice, even in the absence of a well-formed attitude.17

One influential model of attitude changes and persuasion, the elaboration-likelihood

model, is consistent with the notion that consumers may make choices based on brand

awareness considerations when they have low involvement. **Low involvement** results when

consumers lack either purchase motivation (they don’t care about the product or service) or

purchase ability (they don’t know anything else about the brands in a category).18

1. Consumer purchase motivation: Although products and brands may be critically important

to marketers, choosing a brand in many categories is not a life-or-death decision for

most consumers. For example, despite millions of dollars spent in TV advertising over

the years to persuade consumers of product differences, 40 percent of consumers in one

survey believed all brands of gasoline were about the same or did not know which brand

was best. A lack of perceived differences among brands in a category is likely to leave

consumers unmotivated about the choice process.

2. Consumer purchase ability: Consumers in some product categories just do not have the necessary

knowledge or experience to judge product quality even if they so desired. The obvious

examples are products with a high degree of technical sophistication, like telecommunications

equipment with state-of-the-art features. But consumers may be unable to judge quality

even in low-tech categories. Consider the college student who has not really had to cook or

clean before, shopping the supermarket aisles in earnest for the first time, or a new manager

forced to make an expensive capital purchase for the first time. The reality is that product

quality is often highly ambiguous and difficult to judge without a great deal of prior experience

and expertise. In such cases, consumers will use whatever shortcut or heuristic they can

come up with to make their decisions in the best manner possible. Sometimes they simply

choose the brand with which they are most familiar and aware.

Establishing Brand Awareness. How do you create brand awareness? In the abstract, creating

brand awareness means increasing the familiarity of the brand through repeated exposure,

although this is generally more effective for brand recognition than for brand recall. That is, the

more a consumer “experiences” the brand by seeing it, hearing it, or thinking about it, the more

likely he or she is to strongly register the brand in memory.

Thus, anything that causes consumers to experience one of a brand’s element—its name,

symbol, logo, character, packaging, or slogan, including advertising and promotion, sponsorship

and event marketing, publicity and public relations, and outdoor advertising—can increase

familiarity and awareness of that brand element. And the more elements marketers can reinforce,

usually the better. For instance, in addition to its name, Intel uses the “Intel Inside” logo and its

distinctive symbol as well as its famous four-note jingle in TV ads to enhance awareness.

Repetition increases recognizability, but improving brand recall also requires linkages

in memory to appropriate product categories or other purchase or consumption cues. A slogan

or jingle creatively pairs the brand and the appropriate cues (and, ideally, the brand

positioning as well, helping build a positive brand image). Other brand elements like logos,

symbols, characters, and packaging can also aid recall.

The way marketers pair the brand and its product category, such as with an advertising slogan,

helps determine the strength of product category links. For brands with strong category associations,

like Ford cars, the distinction between brand recognition and recall may not matter much—consumers

thinking of the category are likely to think of the brand. In competitive markets or when the brand is

new to the category, it is more important to emphasize category links in the marketing program. Strong

links between the brand and the category or other relevant cues may become especially important over

time if the product meaning of the brand changes through brand extensions, mergers, or acquisitions.

Many marketers have attempted to create brand awareness through so-called shock advertising,

using bizarre themes. For example, at the height of the dot-com boom, online retailer

Outpost.com used ads featuring gerbils shot from cannons, wolverines attacking marching bands,

and preschoolers having the brand name tattooed on their foreheads. The problem with such approaches

is that they invariably fail to create strong category links because the product is just not

prominent enough in the ad. They also can generate a fair amount of ill will. Often coming across

as desperate measures, they rarely provide a foundation for long-term brand equity. In the case of

Outpost.com, most potential customers did not have a clue what the company was about.

Brand Image

Creating brand awareness by increasing the familiarity of the brand through repeated exposure

(for brand recognition) and forging strong associations with the appropriate product category or

other relevant purchase or consumption cues (for brand recall) is an important first step in building

brand equity. Once a sufficient level of brand awareness is created, marketers can put more

emphasis on crafting a brand image.

Creating a positive brand image takes marketing programs that link strong, favorable, and

unique associations to the brand in memory. Brand associations may be either brand attributes or

benefits. **Brand attributes** are those descriptive features that characterize a product or service.

**Brand benefits** are the personal value and meaning that consumers attach to the product or

service attributes.

Consumers form beliefs about brand attributes and benefits in different ways. The definition

of customer-based brand equity, however, does not distinguish between the source of brand associations

and the manner in which they are formed; all that matters is their strength, favorability,

and uniqueness. This means that consumers can form brand associations in a variety of ways

other than marketing activities: from direct experience; online surfing; through information from

other commercial or nonpartisan sources such as **Consumer Reports** or other media vehicles;

from word of mouth; and by assumptions or inferences consumers make about the brand itself,

its name, logo, or identification with a company, country, channel of distribution, or person,

place, or event.

Strength of Brand Associations. The more deeply a person thinks about product information

and relates it to existing brand knowledge, the stronger the resulting brand associations will

be. Two factors that strengthen association to any piece of information are its personal relevance

and the consistency with which it is presented over time. The particular associations we recall

and their salience will depend not only on the strength of association, but also on the retrieval

cues present and the context in which we consider the brand.

In general, direct experiences create the strongest brand attribute and benefit associations

and are particularly influential in consumers’ decisions when they accurately interpret them.

Word-of-mouth is likely to be particularly important for restaurants, entertainment, banking, and

personal services. Starbucks, Google, Red Bull, and Amazon are all classic examples of companies

that created amazingly rich brand images without the benefit of intensive advertising

programs. Mike’s Hard Lemonade sold its first 10 million cases without any advertising because

it was a “discovery” brand fueled by word-of-mouth.22

On the other hand, company-influenced sources of information, such as advertising, are

often likely to create the weakest associations and thus may be the most easily changed. To

overcome this hurdle, marketing communication programs use creative communications that

cause consumers to elaborate on brand-related information and relate it appropriately to existing

knowledge. They expose consumers to communications repeatedly over time, and ensure that

many retrieval cues are present as reminders.

Favorability of Brand Associations. Marketers create favorable brand associations by

convincing consumers that the brand possesses relevant attributes and benefits that satisfy their

needs and wants, such that they form positive overall brand judgments. Consumers will not hold all

brand associations to be equally important, nor will they view them all favorably or value them all

equally across different purchase or consumption situations. Brand associations may be situation or

context-dependent and vary according to what consumers want to achieve in that purchase or

consumption decision.23 An association may thus be valued in one situation but not another.2

Uniqueness of Brand Associations. The essence of brand positioning is that the brand has

a sustainable competitive advantage or “unique selling proposition” that gives consumers a compelling

reason why they should buy it.25 Marketers can make this unique difference explicit

through direct comparisons with competitors, or they may highlight it implicitly. They may base

it on performance-related or non-performance-related attributes or benefits.

Although unique associations are critical to a brand’s success, unless the brand faces no

competition, it will most likely share some associations with other brands. One function of

shared associations is to establish category membership and define the scope of competition

with other products and services.26

A product or service category can also share a set of associations that include specific beliefs

about any member in the category, as well as overall attitudes toward all members in the

category. These beliefs might include many of the relevant performance-related attributes for

brands in the category, as well as more descriptive attributes that do not necessarily relate to

product or service performance, like the color of a product, such as red for ketchup.

Consumers may consider certain attributes or benefits prototypical and essential to all

brands in the category, and a specific brand an exemplar and most representative.27 For

example, they might expect a running shoe to provide support and comfort and to be built

well enough to withstand repeated wearings, and they may believe that Asics, New Balance,

or some other leading brand best represents a running shoe. Similarly, consumers might

expect an online retailer to offer easy navigation, a variety of offerings, reasonable shipping

options, secure purchase procedures, responsive customer service, and strict privacy guidelines,

and they may consider L.L. Bean or some other market leader to be the best example

of an online retailer.

Because the brand is linked to the product category, some category associations may

also become linked to the brand, either specifi c beliefs or overall attitudes. Product category

attitudes can be a particularly important determinant of consumer response. For example, if

a consumer thinks that all brokerage houses are basically greedy and that brokers are in it

for themselves, then he or she probably will have similarly unfavorable beliefs about and

negative attitudes toward any particular brokerage house, simply by virtue of its membership

in the category.

Thus, in almost all cases, some product category associations will be shared with all brands

in the category. Note that the strength of the brand associations to the product category is an

important determinant of brand awareness.

IDENTIFYING AND ESTABLISHING BRAND POSITIONING

Basic Concepts

**Brand positioning** is at the heart of marketing strategy. It is the “act of designing the company’s

offer and image so that it occupies a distinct and valued place in the target customer’s minds.”29

As the name implies, positioning means finding the proper “location” in the minds of a group

of consumers or market segment, so that they think about a product or service in the “right”

or desired way to maximize potential benefit to the firm. Good brand positioning helps guide

marketing strategy by clarifying what a brand is all about, how it is unique and how it is similar

to competitive brands, and why consumers should purchase and use it.

Deciding on a positioning requires determining a frame of reference (by identifying the target

market and the nature of competition) and the optimal points-of-parity and points-of-difference

brand associations. In other words, marketers need to know (1) who the target consumer is,

(2) who the main competitors are, (3) how the brand is similar to these competitors, and (4) how

the brand is different from them.

Target Market

Identifying the consumer target is important because different consumers may have different

brand knowledge structures and thus different perceptions and preferences for the brand. Without

this understanding, it may be difficult for marketers to say which brand associations should

be strongly held, favorable, and unique. Let’s look at defining and segmenting a market and

choosing target market segments.

A **target market** is the set of all actual and potential buyers who have sufficient interest in, income

for, and access to a product. **Market segmentatio**n divides the market into distinct groups of

homogeneous consumers who have similar needs and consumer behavior, and who thus require

similar marketing mixes. Market segmentation requires making trade-offs between costs and

benefits. The more finely segmented the market, the more likely that the firm will be able to

implement marketing programs that meet the needs of consumers in any one segment. That

advantage, however, can be offset by the greater costs of reduced standardization.

Segmentation Bases.

display some possible segmentation bases for consumer and business-to-business markets, respectively. We can classify these bases as **descriptive** or **customer-oriented** (related to what kind of person or organization the customer is), or as **behavioral or product-oriented** (related to how the customer thinks of or uses the brand or product).

**Behavioral segmentation bases** are often most valuable in understanding branding issues

because they have clearer strategic implications. For example, defining a benefit segment makes

it clear what should be the ideal point-of-difference or desired benefit with which to establish the

positioning. Take the toothpaste market. One research study uncovered four main segments:30

1. The Sensory Segment:  Seeking flavor and product appearance

2. The Sociables:  Seeking brightness of teeth

3. The Worriers:  Seeking decay prevention

4. The Independent Segment:  Seeking low price

**Consumer Segmentation Bases:**

Behavioral

User status

Usage rate

Usage occasion

Brand loyalty

Benefits sought

Demographic

Income

Age

Sex

Race

Family

Psychographic

Values, opinions, and attitudes

Activities and lifestyle

Geographic

International

Regional

**Business-to-Business Segmentation Bases:**

Nature of Good

Kind

Where used

Type of buy

Buying Condition

Purchase location

Who buys

Type of buy

Demographic

SIC code

Number of employees

Number of production workers

Annual sales volume

Number of establishments

Given this market segmentation scheme, marketing programs could be put into place to

attract one or more segments. For example, Close-Up initially targeted the fi rst two segments,

whereas Crest primarily concentrated on the third. Taking no chances, Aquafresh was introduced

to go after all three segments, designing its toothpaste with three stripes to dramatize each of the

three product benefi ts. With the success of multipurpose toothpastes such as Colgate Total, virtually

all brands now offer products that emphasize multiple performance benefi ts.

Other segmentation approaches build on brand loyalty in some way. The classic “funnel”

model traces consumer behavior in terms of initial awareness through brand-most-often-used.

Figure 2-5 shows a hypothetical pattern of results. For the purposes of brand building, marketers

want to understand both (1) the percentage of target market that is present at each stage and

(2) factors facilitating or inhibiting the transition from one stage to the next. In the hypothetical

example, a key bottleneck appears to be converting those consumers who have ever tried the

brand to those who recently tried, as less than half (46 percent) “convert.” To convince more

consumers to consider trying the brand again, marketers may need to raise brand salience or

make the brand more acceptable in the target consumer’s repertoire.

Marketers often segment consumers by their behavior. For example, a fi rm may target a certain

age group, but the underlying reason is that they are particularly heavy users of the product,

are unusually brand loyal, or are most likely to seek the benefi t the product is best able to deliver.

Nestlé’s Yorkie chocolate is boldly marketed in the U.K. as “It is Not For Girls” because the

chunky bar is thought to appeal more to men.

In some cases, however, broad demographic descriptors may mask important underlying differences.

31  A fairly specifi c target market of “women aged 40 to 49” may contain a number of very

different segments who require totally different marketing mixes (think Celine Dion vs. Courtney

Love). Baby boomers are diffi cult to segment based on the size of the generation and individual

views on aging. Age Wave, a consulting fi rm, created four segments for post-retirement consumers:

“ageless explorers,” “comfortably contents,” “live for todays,” and “sick and tireds.”32

The main advantage of demographic segmentation bases is that the demographics of traditional

media vehicles are generally well known from consumer research; as a result, it has

been easier to buy media on that basis. With the growing importance of digital and nontraditional

media and other forms of communication as well as the capability to build databases to

profi le customers on a behavioral and media usage basis, however, this advantage has become

less important. For example, online Web sites can now target such previously hard-to-reach

markets as African Americans (BlackPlanet.com), Hispanics (Quepasa.com), Asian Americans

(AsianAvenue.com), college students (teen.com), and gays (gay.com).

Hypothetical Examples of Funnel Stages and Transitions:

Criteria. A number of criteria have been offered to guide segmentation and target market decisions,

such as the following:33

• **Identifiability**: Can we easily identify the segment?

• **Size**: Is there adequate sales potential in the segment?

• **Accessibility**: Are specialized distribution outlets and communication media available to

reach the segment?

• **Responsiveness**: How favorably will the segment respond to a tailored marketing program?

Nature of Competition

At least implicitly, deciding to target a certain type of consumer often defines the nature of

competition, because other firms have also decided to target that segment in the past or plan to

do so in the future, or because consumers in that segment already may look to other brands in

their purchase decisions. Competition takes place on other bases, of course, such as channels of

distribution. Competitive analysis considers a whole host of factors—including the resources,

capabilities, and likely intentions of various other firms—in order for marketers to choose

markets where consumers can be profitably served.35

Indirect Competition. One lesson stressed by many marketing strategists is not to define

competition too narrowly. Research on noncomparable alternatives suggests that even if a brand

does not face direct competition in its product category, and thus does not share performance related

attributes with other brands, it can still share more abstract associations and face indirect

competition in a more broadly defined product category.36

Competition often occurs at the benefit level rather than the attribute level. Thus, a luxury

good with a strong hedonic benefit like stereo equipment may compete as much with a vacation

as with other durable goods like furniture. A maker of educational software products may be

implicitly competing with all other forms of education and entertainment, such as books, videos,

television, and magazines. For these reasons, branding principles are now being used to market a

number of different categories as a whole—for example, banks, furniture, carpets, bowling, and

trains, to name just a few.

Unfortunately, many firms narrowly define competition and fail to recognize the most compelling

threats and opportunities. For example, sales in the apparel industry often have been

stagnant in recent years as consumers have decided to spend on home furnishings, electronics,

and other products that better suit their lifestyle.37 Leading clothing makers may be better off

considering the points-of-differences of their offerings not so much against other clothing labels

as against other discretionary purchases.

Multiple Frames of Reference. It is not uncommon for a brand to identify more than one

frame of reference. This may be the result of broader category competition or the intended future

growth of a brand, or it can occur when the same function can be performed by different

types of products. For example, Canon EOS Rebel digital cameras compete with digital cameras

from Nikon, Kodak, and others, but also with photo-taking cell phones. Their advantages

against cell phones—such as easy photo sharing on social networks like Facebook or the ability

to shoot high-definition video for sharing—would not necessarily be an advantage at all against

other digital camera brands.38

As another example, Starbucks can define very distinct sets of competitors, which would

suggest very different POPs and PODs as a result:

1. Quick-serve restaurants and convenience shops (McDonald’s and Dunkin’ Donuts). Intended

PODs might be quality, image, experience, and variety; intended POPs might be

convenience and value.

2. Supermarket brands for home consumption (Nescafé and Folger’s). Intended PODs might

be quality, image, experience, variety, and freshness; intended POPs might be convenience

and value.

3. Local cafés. Intended PODs might be convenience and service quality; intended POPs

might be quality, variety, price, and community.

Note that some POPs and PODs are shared across competitors; others are unique to a particular

competitor. Under such circumstances, marketers have to decide what to do. There are two main

options.

Finally, note that if there are many competitors in different categories or subcategories, it

may be useful to either develop the positioning at the categorical level for all relevant categories

(“quick-serve restaurants” or “supermarket take-home coffee” for Starbucks) or with an exemplar

from each category (McDonald’s or Nescafé for Starbucks).

Points-of-Parity and Points-of-Difference

The target and competitive frame of reference chosen will dictate the breadth of brand awareness

and the situations and types of cues that should become closely related to the brand.

Once marketers have fixed the appropriate competitive frame of reference for positioning by

defining the customer target market and the nature of competition, they can define the basis

of the positioning itself. Arriving at the proper positioning requires establishing the correct

points-of-difference and points-of-parity associations.

**Points-of-Difference Associations.** **Points-of-difference** (PODs) are formally defined as

attributes or benefits that consumers strongly associate with a brand, positively evaluate, and

believe that they could not find to the same extent with a competitive brand.39  Although myriad

different types of brand associations are possible, we can classify candidates as either functional,

performance-related considerations or as abstract, imagery-related considerations.

Consumers’ actual brand choices often depend on the perceived uniqueness of brand associations.

Swedish retailer Ikea took a luxury product—home furnishings and furniture—and made it a

reasonably priced alternative for the mass market. Ikea supports its low prices by having customers

serve themselves and deliver and assemble their own purchases. Ikea also gains a point-of-difference

through its product offerings. As one commentator noted, “Ikea built their reputation on the notion

that Sweden produces good, safe, well-built things for the masses. They have some of the most innovative

designs at the lowest cost out there.”40 As another example, consider Subaru.

optimal levels). In other cases, PODs come from imagery associations (the luxury and status imagery

of Louis Vuitton or the fact that British Airways is advertised as the “world’s favourite airline”). Many

top brands attempt to create a point-of-difference on “overall superior quality,” whereas other firms

become the “low-cost provider” of a product or service.

Thus, a host of different types of PODs are possible. PODs are generally defined in terms

of consumer benefits. These benefits often have important underlying “proof points” or reasons

to believe  (RTBs). These proof points can come in many forms: functional design concerns

(a unique shaving system technology, leading to the benefit of a “closer electric shave”); key

attributes (a unique tread design, leading to the benefit of “safer tires”); key ingredients (contains

fluoride, leading to the benefit of “prevents dental cavities”); or key endorsements (recommended

by more audio engineers, leading to the benefit of “superior music fidelity”).42 Having

compelling proof points and RTBs are often critical to the deliverability aspect of a POD.

Points-of-Parity Associations. **Points-of-parity associations** (POPs), on the other hand, are

not necessarily unique to the brand but may in fact be shared with other brands. There are three

types: category, competitive, and correlational.

**Category points-of-parity** represent necessary—but not necessarily sufficient—conditions

for brand choice. They exist minimally at the generic product level and are most likely at the **expected**

**product level**. Thus, consumers might not consider a bank truly a “bank” unless it offered

a range of checking and savings plans; provided safety deposit boxes, traveler’s checks, and

other such services; and had convenient hours and automated teller machines. Category POPs

may change over time because of technological advances, legal developments, and consumer

trends, but these attributes and benefits are like “greens fees” to play the marketing game.

**Competitive points-of-parity** are those associations designed to negate使无效 competitors’ pointsof-

difference. In other words, if a brand can “break even” in those areas where its competitors

are trying to find an advantage and can achieve its own advantages in some other areas, the brand

should be in a strong—and perhaps unbeatable—competitive position.

**Correlational points-of-parity** are those potentially negative associations that arise from

the existence of other, more positive associations for the brand. One challenge for marketers is

that many of the attributes or benefits that make up their POPs or PODs are inversely related.

In other words, in the minds of consumers, if your brand is good at one thing, it can’t be seen

as also good on something else. For example, consumers might find it hard to believe a brand

is “inexpensive” and at the same time “of the highest quality.” Figure 2-6 displays some other

examples of negatively correlated attributes and benefits.

Moreover, individual attributes and benefits often have both positive and negative aspects. A

long heritage could be seen as a positive attribute because it can suggest experience, wisdom, and expertise.

On the other hand, it could be a negative attribute because it might imply being old-fashioned

and not contemporary and up-to-date. Below, we consider strategies to address these trade-offs.

Points-of-Parity versus Points-of-Difference. POPs are important because they can undermine破坏

PODs: unless certain POPs can be achieved to overcome potential weaknesses, PODs may

not even matter. For the brand to achieve a point-of-parity on a particular attribute or benefit, a

sufficient number of consumers must believe that the brand is “good enough” on that dimension.

There is a “zone” or “range of tolerance or acceptance” with POPs. The brand does not have

to be seen as literally equal to competitors, but consumers must feel that it does sufficiently well

on that particular attribute or benefit so that they do not consider it to be a negative or a problem.

Assuming consumers feel that way, they may then be willing to base their evaluations and decisions

on other factors potentially more favorable to the brand. Points-of-parity are thus easier to achieve than points-of-difference, where the brand must demonstrate clear superiority. Often, the key to positioning is not so much achieving a POD as achieving necessary, competitive and correlational POPs.

**Examples of Negatively Correlated Attributes and Benefits：**

Low price vs. high quality

Taste vs. low calories

Nutritious vs. good tasting

Efficacious vs. mild

Powerful vs. safe

Strong vs. refined

Ubiquitous vs. exclusive

Varied vs. simple

POSITIONING GUIDELINES

The concepts of points-of-difference and points-of-parity can be invaluable tools to guide positioning.

Two key issues in arriving at the optimal competitive brand positioning are (1) defining

and communicating the competitive frame of reference and (2) choosing and establishing pointsof-

parity and points-of-difference.

Defining and Communicating the Competitive Frame of Reference

A starting point in defining a competitive frame of reference for a brand positioning is to determine

category membership. With which products or sets of products does the brand compete?

As noted above, choosing to compete in different categories often results in different competitive

frames of reference and thus different POPs and PODs.

The product’s category membership tells consumers about the goals they might achieve

by using a product or service. For highly established products and services, category membership

is not a focal issue. Customers are aware that Coca-Cola is a leading brand of soft drink,

Kellogg’s Corn Flakes is a leading brand of cereal, McKinsey is a leading strategy consulting

firm, and so on.

There are many situations, however, in which it is important to inform consumers of a

brand’s category membership. Perhaps the most obvious is the introduction of new products,

where the category membership is not always apparent.

Sometimes consumers know a brand’s category membership but may not be convinced the

brand is a true, valid member of the category.

The preferred approach to positioning is to inform consumers of a brand’s membership

before stating its point-of-difference in relationship to other category members. Presumably,

consumers need to know what a product is and what function it serves before they can decide

whether it dominates the brands against which it competes. For new products, separate marketing

programs are generally needed to inform consumers of membership and to educate them

about a brand’s point-of-difference. For brands with limited resources, this implies the development

of a marketing strategy that establishes category membership prior to one that states a

point-of-difference. Brands with greater resources can develop concurrent marketing programs,

one of which features membership and the other the point-of-difference. Efforts to inform consumers

of membership and points-of-difference in the same ad, however, are often not effective.

There are **three main ways to convey a brand’s category membership: communicating category**

**benefits, comparing to exemplars, and relying on a product descriptor.**

Communicating Category Benefits. To reassure consumers that a brand will deliver on the

fundamental reason for using a category, marketers frequently use benefits to announce category

membership. Thus, industrial motors might claim to have power, and analgesics might announce their

efficacy. These benefits are presented in a manner that does not imply brand superiority but merely

notes that the brand possesses them as a means to establish category POPs. Performance and imagery

associations can provide supporting evidence. A cake mix might attain membership in the cake

category by claiming the benefit of great taste and might support this benefit claim by possessing

high-quality ingredients (performance) or by showing users delighting in its consumption (imagery).

Exemplars标兵. Well-known, noteworthy brands in a category can also be used as exemplars to

specify a brand’s category membership. When Tommy Hilfiger was an unknown designer, advertising

announced his membership as a great American designer by associating him with Geoffrey

Beene, Stanley Blacker, Calvin Klein, and Perry Ellis, who were recognized members of that category

at that time. The National Pork Board successfully advertised for over two decades that pork was “the

Other White Meat,” riding the coattails of the popularity of chicken in the process.44

Product Descriptor. The product descriptor that follows the brand name is often a very compact

means of conveying category origin. For example, USAir changed its name to US Airways,

according to CEO Stephen Wolf, as part of the airline’s attempted transformation from a regional

carrier with a poor reputation to a strong national or even international brand. The argument

was that other major airlines had the word airlines or airways in their names rather than

air, which was felt to be typically associated with smaller, regional carriers.

Choosing Points-of-Difference

A brand must offer a compelling and credible reason for choosing it over the other options. In

determining whether an attribute or benefit for a brand can serve as point-of-difference, there are

three key considerations. The brand association must be seen as **desirable, deliverable, and differentiating.**

These three considerations for developing an optimal positioning align with the three

perspectives on which any brand must be evaluated, namely the consumer, the company, and the

competition. Desirability is determined from the consumer’s point of view, deliverability is based

on a company’s inherent capabilities, and differentiation is determined relative to the competitors.

To function as a POD, consumers ideally would see the attribute or benefit as highly important,

feel confident that the firm has the capabilities to deliver it, and be convinced that no other

brand could offer it to the same extent. If these three criteria are satisfied, the brand association

should have sufficient strength, favorability, and uniqueness to be an effective POD. Each of

these three criteria has a number of considerations, which we look at next.

Desirability Criteria. Target consumers must find the POD personally relevant and important.

Brands that tap into growing trends with consumers often find compelling PODs. For example,

Apple & Eve’s pure, natural fruit juices have ridden the wave of the natural foods movement to

find success in an increasingly health-minded beverage market.49

Just being different is not enough—the differences must matter to consumers. For example,

at one time a number of brands in different product categories (colas, dishwashing soaps, beer, deodorants,

gasoline) introduced clear versions of their products to better differentiate themselves.

The “clear” association has not seemed to be of enduring value or to be sustainable as a point-ofdifference.

In most cases, these brands experienced declining market share or disappeared altogether.

Deliverability Criteria. The deliverability of an attribute or benefit brand association depends

on both a company’s actual ability to make the product or service (feasibility) as well as their

effectiveness in convincing consumers of their ability to do so (communicability), as follows:50

• **Feasibility可行性**:  Can the firm actually supply the benefit underlying the POD? The product and marketing must be designed in a way to support the desired association. It is obviously easier to convince

consumers of some fact about the brand that they were unaware of or may have overlooked

than to make changes in the product and convince consumers of the value of these changes. As

noted above, perhaps the simplest and most effective approach is to point to a unique attribute of

the product as a proof point or reason-to-believe. Thus, Mountain Dew may argue that it is more

energizing than other soft drinks and support this claim by noting that it has a higher level of

caffeine. On the other hand, when the point-of-difference is abstract or image based, support for

the claim may reside in more general associations to the company that have been developed over

time. Thus, Chanel No. 5 perfume may claim to be the quintessential elegant, French perfume

and support this claim by noting the long association between Chanel and haute couture.

• **Communicability**:  The key issue in communicability is consumers’ perceptions of the brand

and the resulting brand associations. It is very difficult to create an association that is not

consistent with existing consumer knowledge, or that consumers, for whatever reason, have

trouble believing in. What factual, verifiable evidence or “proof points” can marketers communicate

as support, so that consumers will actually believe in the brand and its desired

associations? These “reasons-to-believe” are critical for consumer acceptance of a potential

POD. Any claims must pass legal scrutiny too. The makers of category leader POM Wonderful

100% Pomegranate Juice have battled with the Federal Trade Commission over what

the FTC deems as “false and unsubstantiated claims” about treating or preventing heart

disease, prostate cancer, and erectile dysfunction.51

Differentiation Criteria. Finally, target consumers must find the POD distinctive and superior.

When marketers are entering a category in which there are established brands, the challenge

is to find a viable, long-term basis for differentiation. Is the positioning preemptive, defensible,

and difficult to attack? Can the brand association be reinforced and strengthened over time? If

these are the case, the positioning is likely to last for years. Sustainability depends on internal commitment and use of resources as well as external market forces. Before encountering tough economic times, Applebee’s strategy for leadership in the casual dining restaurant business, in part, was to enter smaller markets where a second major competitor might be unlikely to enter—hello Hays, Kansas! Although there are downsides to such a strategy—potentially smaller volume and lethal word-of-mouth from any service

snafus—competitive threats are minimal.52

Establishing Points-of-Parity and Points-of-Difference

The key to branding success is to establish both points-of-parity and points-of-difference

In creating both POPs and PODs, one of the challenges in positioning is the inverse relationships

that may exist in the minds of many consumers. Unfortunately, as noted above, consumers

typically want to maximize both the negatively correlated attributes and benefits. To make things

worse, competitors often are trying to achieve their point-of-difference on an attribute that is

negatively correlated with the point-of-difference of the target brand.

Much of the art and science of marketing is knowing how to deal with trade-offs, and positioning

is no different. The best approach clearly is to develop a product or service that performs

well on both dimensions. Gore-Tex, for example, was able to overcome the seemingly conflicting

product image of “breathable” and “waterproof” through technological advances.

Several additional ways exist to address the problem of negatively correlated POPs and

PODs. The following three approaches are listed in increasing order of effectiveness—but also

increasing order of difficulty.

Leverage Equity of Another Entity. Brands can link themselves to any kind of entity that

possesses the right kind of equity—a person, other brand, event, and so forth—as a means to

establish an attribute or benefit as a POP or POD. Self-branded ingredients may also lend some

credibility to a questionable attribute in consumers’ minds.

SK-II, by Proctor & Gamble, is an excellent example of a brand “borrowing” or leveraging

the equity of well-known and respected celebrities to lend credibility to its differentiation: an

ability to clarify skin.

Redefine the Relationship. Finally, another potentially powerful but often difficult way to

address the negative relationship between attributes and benefits in the minds of consumers is to

convince them that in fact the relationship is positive. Marketers can achieve this by providing

consumers with a different perspective and suggesting that they may be overlooking or ignoring

certain factors or other considerations. Apple offers another classic example.

Straddle Positions

Occasionally, a company will be able to straddle two frames of reference with one set of pointsof-

difference and points-of-parity. In these cases, the points-of-difference in one category become

points-of-parity in the other and vice-versa for points-of-parity. For example, Accenture defines itself

as the company that combines (1) strategic insight, vision, and thought leadership and (2) information

technology expertise in developing client solutions. This strategy permits points-of-parity with its two

main competitors, McKinsey and IBM, while simultaneously achieving points-of-difference. Specifically,

Accenture has a point-of-difference on technology and execution with respect to McKinsey

and a point-of-parity on strategy and vision. The reverse is true with respect to IBM: technology and

execution are points-of-parity, but strategy and vision are points-of-difference. Another brand that has

successfully employed a straddle positioning is BMW. While a straddle positioning often is attractive as a means of reconciling potentially conflicting consumer goals and creating a “best-of-both-worlds” solution, it also carries an extra burden. If the points-of-parity and points-of-difference with respect to both categories are not credible, consumers may not view the brand as a legitimate player in either  category. Many early PDAs that unsuccessfully tried to straddle categories ranging from pagers to laptop computers

provide a vivid illustration of this risk.

Updating Positioning over Time

The previous section described some positioning guidelines that are especially useful for launching

a new brand. With an established brand, an important question is how often to update its

positioning. As a general rule, positioning should be fundamentally changed very infrequently,

and only when circumstances significantly reduce the effectiveness of existing POPs and PODs.

Positioning, however, will evolve over time to better reflect market opportunities or challenges.

A point-of-difference or point-of-parity may be refined, added, or dropped as situations

dictate. One common market opportunity that often arises is the need to deepen the meaning

of the brand to permit further expansion—laddering. One common market challenge is how to

respond to competitive actions that threaten an existing positioning—reacting. We consider the

positioning implications of each in turn.

Laddering. Although identifying PODs to dominate competition on benefits that are important

to consumers provides a sound way to build an initial position, once the target market attains a basic

understanding of how the brand relates to alternatives in the same category, it may be necessary

to deepen the meanings associated with the brand positioning. It is often useful to explore underlying

consumer motivations in a product category to uncover the relevant associations. For example,

Maslow’s hierarchy maintains that consumers have different priorities and levels of needs.54

From lowest to highest priority, they are as follows:

1.  Physiological needs (food, water, air, shelter, sex)

2.  Safety and security needs (protection, order, stability)

3.  Social needs (affection, friendship, belonging)

4.  Ego needs (prestige, status, self-respect)

5.  Self-actualization (self-fulfi llment)

According to Maslow, higher-level needs become relevant once lower-level needs have been satisfi ed.

Marketers have also recognized the importance of higher-level needs. For example, meansend

chains  have been devised as a way of understanding higher-level meanings of brand characteristics.

A means-end chain takes the following structure: attributes (descriptive features that

characterize a product) lead to benefi ts (the personal value and meaning attached to product attributes),

which, in turn, lead to values (stable and enduring personal goals or motivations).55

In other words, a consumer chooses a product that delivers an attribute (A) that provides benefi ts

or has certain consequences (B/C) that satisfy values (V). For example, in a study of salty snacks, one

respondent noted that a fl avored chip (A) with a strong taste (A) would mean that she would eat less

(B/C), not get fat (B/C), and have a better fi gure (B/C), all of which would enhance her self-esteem (V).

Laddering thus progresses from attributes to benefi ts to more abstract values or motivations.

In effect, laddering repeatedly asks what the implication of an attribute or benefi t is for the consumer.

Failure to move up the ladder may reduce the strategic alternatives available to a brand.56

For example, P&G introduced low-sudsing Dash detergent to attract consumers who used frontloading

washing machines. Many years of advertising Dash in this manner made this position

impenetrable by other brands. Dash was so associated with front-loaders, however, that when

this type of machine went out of fashion, so did Dash, despite the fact that it was among P&G’s

most effective detergents, and despite signifi cant efforts to reposition the brand.

Some attributes and benefi ts may lend themselves to laddering more easily than others. For

example, the Betty Crocker brand appears on a number of different baking products and is characterized

by the physical warmth associated with baking. Such an association makes it relatively

easy to talk about emotional warmth and the joy of baking or the good feelings that might arise

from baking for others across a wide range of baking-related products.

Thus, some of the strongest brands deepen their points-of-difference to create benefi t and

value associations, for example, Volvo and Michelin (safety and peace of mind), Intel (performance

and compatibility), Marlboro (western imagery), Coke (Americana and refreshment),

Disney (fun, magic, family entertainment), Nike (innovative products and peak athletic performance),

and BMW (styling and driving performance).

As a brand becomes associated with more and more products and moves up the product

hierarchy, the brand’s meaning will become more abstract. At the same time, it is important that

the proper category membership and POPs and PODs exist in the minds of consumers for any

particular products sold under the brand name, as discussed in Chapter 11.

Reacting. Competitive actions are often directed at eliminating points-of-difference to make

them points-of-parity or to strengthen or establish new points-of-difference. Often competitive

advantages exist for only a short period of time before competitors attempt to match them. For

example, when Goodyear introduced RunOnFlat tires (which allowed tires to keep going for up

to 50 miles at a speed of 55 mph after a tire puncture or blowout), Michelin quickly responded

with the Zero Pressure tire, which offered the same consumer benefit.

When a competitor challenges an existing POD or attempts to overcome a POP, there are essentially

three main options for the target brand—from no reaction to moderate to significant reactions.

• Do nothing. If the competitive actions seem unlikely to recapture a POD or create a new POD,

then the best reaction is probably to just stay the course and continue brand-building efforts.

• Go on the defensive. If the competitive actions appear to have the potential to disrupt the market

some, then it may be necessary to take a defensive stance. One way to defend the positioning

is to add some reassurance in the product or advertising to strengthen POPs and PODs.

• Go on the offensive. If the competitive actions seem potentially quite damaging, then it

might be necessary to take a more aggressive stance and reposition the brand to address the

threat. One approach might be to launch a product extension or ad campaign that fundamentally

changes the meaning of the brand.

A brand audit can help marketers assess the severity of the competitive threat and the

appropriate competitive stance, as described in Chapter 8.

Developing a Good Positioning

A few final comments are useful to help guide positioning efforts. First, a good positioning has

a “foot in the present” and a “foot in the future.” It needs to be somewhat aspirational so that the

brand has room to grow and improve. Positioning on the basis of the current state of the market

is not forward-looking enough; but, at the same time, the positioning cannot be so removed from

the current reality that it is essentially unobtainable. The real trick in positioning is to strike just

the right balance between what the brand is and what it could be.

Second, a good positioning is careful to identify all relevant points-of-parity. Too often marketers

overlook or ignore crucial areas where the brand is potentially disadvantaged to concentrate

on areas of strength. Both are obviously necessary as points-of-difference will not matter

without the requisite points-of-parity. One good way to uncover key competitive points-of-parity

is to role play competitor’s positioning and infer their intended points-of-difference. Competitor’s

PODs will, in turn, become the brand’s POPs. Consumer research into the trade-offs in

decision-making that exist in the minds of consumers can also be informative.

Third, a good positioning should reflect a consumer point of view in terms of the benefits that

consumers derive from the brand. It is not enough to advertise that you are the “biggest selling

gasoline in the world”—as Shell Oil did once. An effective POD should make clear why that it so

desirable to consumers. In other words, what benefits would a consumer get from that unique attribute?

Does that mean Shell Oil is more convenient due to more locations, or perhaps able to charge

lower prices due to economies of scale? Those benefits, if evident, should become the basis for the

positioning, with the proof point or RTB being the attribute of “biggest selling gasoline.”

Finally, as we will develop in greater detail with the brand resonance model in the next

chapter, it is important that a duality exists in the positioning of a brand such that there are rational

and emotional components. In other words, a good positioning contains points-of-difference

and points-of-parity that appeal both to the “head” and the “heart.”

DEFINING A BRAND MANTRA

Brand positioning describes how a brand can effectively compete against a specified set of competitors

in a particular market. In many cases, however, brands span multiple product categories

and therefore may have multiple distinct—yet related—positionings. As brands evolve and

expand across categories, marketers will want to craft a brand mantra that reflects the essential

“heart and soul” of the brand.

Brand Mantras

To better establish what a brand represents, marketers will often define a brand mantra.57 A

**brand mantra** is a short, three- to five-word phrase that captures the irrefutable essence or spirit

of the brand positioning. It’s similar to “brand essence” or “core brand promise,” and its purpose

is to ensure that all employees and external marketing partners understand what the brand most

fundamentally is to represent to consumers so they can adjust their actions accordingly. For

example, McDonald’s brand philosophy of “Food, Folks, and Fun” nicely captures its brand essence

and core brand promise.

Brand mantras are powerful devices. They can provide guidance about what products to

introduce under the brand, what ad campaigns to run, and where and how the brand should be

sold. They may even guide the most seemingly unrelated or mundane decisions, such as the look

of a reception area and the way employees answer the phone. In effect, brand mantras create a

mental filter to screen out brand-inappropriate marketing activities or actions of any type that

may have a negative bearing on customers’ impressions of a brand.

Brand mantras help the brand present a consistent image. Any time a consumer or customer

encounters a brand—in any way, shape, or form—his or her knowledge about that brand

may change and affect the equity of the brand. Given that a vast number of employees come

into contact with consumers, either directly or indirectly, their words and actions should consistently

reinforce and support the brand meaning. Marketing partners like ad agency members

may not even recognize their role in influencing equity. The brand mantra signals its meaning

Designing a Brand Mantra. What makes a good brand mantra? Two high-profile and successful

examples of brand mantras come from two powerful brands, Nike and Disney, as described

in Branding Briefs 2-2 and 2-3. Brand mantras must economically communicate what

the brand is and what it is not. The Nike and Disney examples show the power and utility of a

well-designed brand mantra. They also help suggest what might characterize a good brand mantra.

Both examples are essentially structured the same way, with three terms, as follows:

**The brand functions** term describes the nature of the product or service or the type of

experiences or benefits the brand provides. It can range from concrete language that reflects

the product category itself, to more abstract notions (like Nike’s and Disney’s), where the

term relates to higher-order experiences or benefits that a variety of different products could

deliver. The descriptive modifier further clarifies its nature. Thus, Nike’s performance is not

just any kind (not artistic performance, for instance) but only athletic performance; Disney’s

entertainment is not just any kind (not adult-oriented) but only family entertainment (and

arguably an additional modifier, “magical,” could add even more distinctiveness). Combined,

the brand function term and descriptive modifier help delineate the brand boundaries. Finally,

the emotional modifier provides another qualifier—how exactly does the brand provide benefits

and in what ways?

Brand mantras don’t necessarily have to follow this exact structure, but they should clearly

delineate what the brand is supposed to represent and therefore, at least implicitly, what it is not.

Several additional points are worth noting.

1.  Brand mantras derive their power and usefulness from their collective meaning. Other

brands may be strong on one, or perhaps even a few, of the brand associations making up

the brand mantra. For the brand mantra to be effective, no other brand should singularly

excel on all dimensions. Part of the key to both Nike’s and Disney’s success is that for years,

no other competitor could really deliver on the promise suggested by their brand mantras as

well as they did.

2.  Brand mantras typically are designed to capture the brand’s points-of-difference, that is,

what is unique about the brand. Other aspects of the brand positioning—especially the

brand’s points-of-parity—may also be important and may need to be reinforced in other

ways.

3.  For brands facing rapid growth, a brand functions term can provide critical guidance

as to appropriate and inappropriate categories into which to extend. For brands in

more stable categories, the brand mantra may focus more on points-of-difference as expressed

by the functional and emotional modifiers, perhaps not even including a brand

functions term.

Implementing a Brand Mantra. Brand mantras should be developed at the same time as

the brand positioning. As we’ve seen, brand positioning typically is a result of an in-depth

examination of the brand through some form of brand audit or other activities. Brand mantras

may benefit from the learning gained from those activities but, at the same time, require more

internal examination and involve input from a wider range of company employees and marketing

staff. Part of this internal exercise is actually to determine the different means by which

each and every employee currently affects brand equity, and how he or she can contribute in

a positive way to a brand’s destiny. The importance of internal branding is reinforced in The

Science of Branding 2-2.

Marketers can often summarize the brand positioning in a few sentences or a short paragraph

that suggests the ideal core brand associations consumers should hold. Based on these

core brand associations, a brainstorming session can attempt to identify PODs, POPs, and different

brand mantra candidates. In the final **brand mantra**, the following **considerations** should

come into play:

• **Communicate**: A good brand mantra should both define the category (or categories) of the

business to set the brand boundaries and clarify what is unique about the brand.

• **Simplify**: An effective brand mantra should be memorable. That means it should be short,

crisp, and vivid. A three-word mantra is ideal because it is the most economical way to convey

the brand positioning.

• **Inspire**: Ideally, the brand mantra should also stake out ground that is personally meaningful

and relevant to as many employees as possible. Brand mantras can do more than inform

and guide; they can also inspire, if the brand values tap into higher-level meaning with employees

as well as consumers.

Regardless of how many words make up the mantra, however, there will always be a

level of meaning beneath the brand mantra itself that will need to be articulated.  Virtually any

word may have many interpretations. For example, the words fun, family, and entertainment  in

Disney’s brand mantra can each take on multiple meanings, leading Disney to drill deeper to

provide a stronger foundation for the mantra. Two or three short phrases were therefore added

later to clarify each of the three words.

REVIEW

**Customer-based brand equity** is the differential effect that brand knowledge has on consumer

response to the marketing of that brand. A brand has positive customer-based brand equity when

customers react more favorably to a product and the way it is marketed when the brand is identified

than when it is not.

We can define brand knowledge in terms of an **associative network memory model,** as a

network of nodes and links wherein the brand node in memory has a variety of associations

linked to it. We can characterize brand knowledge in terms of two components: **brand awareness**

and **brand image**. **Brand awareness** is related to the strength of the brand node or trace

in memory, as reflected by consumers’ ability to recall or recognize the brand under different

conditions. It has both depth and breadth. The depth of brand awareness measures the likelihood

that consumers can recognize or recall the brand. The breadth of brand awareness measures

the variety of purchase and consumption situations in which the brand comes to mind.

**Brand image** is consumer perceptions of a brand as reflected by the brand associations held in

consumers’ memory.

Customer-based 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. In some cases, brand awareness alone is sufficient to result in more favorable consumer

response—for example, in low-involvement decision settings where consumers are willing

to base their choices merely on familiar brands. In other cases, the strength, favorability, and

uniqueness of the brand associations play a critical role in determining the differential response

making up the brand equity.

Deciding on a **positioning** requires determining a **frame of reference** (by identifying the target

market and the nature of competition), **the optimal points-of-parity** and **points-of-difference brand**

**associations**, and **an overall brand mantra** as a summary. First, marketers need to understand consumer

behavior and the consideration sets that consumers adopt in making brand choices. After

establishing this frame of reference, they can then turn to identifying the best possible points-of-parity

and points-of-difference.

Points-of-difference are those associations that are unique to the brand, strongly held, and

favorably evaluated by consumers. Marketers should find points-of-difference associations that

are **strong, favorable**, and **unique** based on **desirability, deliverability, and differentiation** considerations, as well as the resulting anticipated levels of sales and costs that might be expected with

achieving those points-of-difference.

Points-of-parity, on the other hand, are those associations that are not necessarily unique

to the brand but may in fact be shared with other brands. **Category points-of-parity associations**

are necessary to being a legitimate and credible product offering within a certain category.

**Competitive points-of-parity associations** negate使无效 competitors’ points-of-differences. **Correlational points-of-parity** negate any possible disadvantages or negatives that might also arise from

a point-of-difference.

Finally, a **brand mantra** is an articulation of the “heart and soul” of the brand, a three- to

Five-word phrase that captures the irrefutable无可反驳的 essence or spirit of the brand positioning and brand values. Its purpose is to ensure that all employees and all external marketing partners understand

what the brand is, most fundamentally, in order to represent it with consumers.

The choice of these four ingredients determines the brand positioning and the desired brand

knowledge structures.

Chapter 3

Book note

Brand Resonance回声 and the Brand Value Chain

BUILDING A STRONG BRAND: THE FOUR STEPS

OF BRAND BUILDING

building a strong brand: the 4 steps of building brand

**brand salience特点**:

- breadth and depth of awareness

- product category structure

- strategic implications

**brand performance:**

- describes how well the brand:

- meets customer’s more functional needs

- rate on objective assessment of quality

- satisfies utilitarian, aesthetic, and economic customer needs and wants in   the product or service category

- quality: consistently meets or exceeds consumers’ expectations

**brand imagery:**

- user profile/imagery

- purchase and usage situations/imagery

- brand personality and values

- brand history, heritage, and experience

- ex: infinity: brand the image before introducing their car

**brand judgment:**

- quality

- credibility

- consideration

- superiority

brand feelings:

customer’s emotional responses and reactions to the brand

relate to the society

**brand resonance**:

behavioral loyalty

attitudinal attachment

sense of community

active engagement

the 7Ps of marketing mix:

  product, price, place, promotion, people, process, physical evidence

4C’s of consumer–side marketing: cost (to the customer), customer value, convenience (for the buyer), communication

The **brand resonance model** looks at building a brand as a sequence of steps, each of which is

contingent on successfully achieving the objectives of the previous one. The steps are as follows:

1. Ensure identification of the brand with customers and an association of the brand in

customers’ minds with a specific product class, product benefit, or customer need.

2. Firmly establish the totality of brand meaning in the minds of customers by strategically

linking a host of tangible and intangible brand associations.

3. Elicit the proper customer responses to the brand.

4. Convert brand responses to create brand resonance and an intense, active loyalty relationship

between customers and the brand.

These four steps represent a set of fundamental questions that customers invariably ask

about brands—at least implicitly. The **four questions** (with corresponding brand steps in parentheses)

are:

1. Who are you? (brand identity)

2. What are you? (brand meaning)

3. What about you? What do I think or feel about you? (brand responses)

4. What about you and me? What kind of association and how much of a connection would

I like to have with you? (brand relationships)

Notice the ordering of the steps in this **branding** **ladder**, from identity to meaning to responses

to relationships. That is, we cannot establish meaning unless we have created identity; responses

cannot occur unless we have developed the right meaning; and we cannot forge a relationship

unless we have elicited the proper responses.

To provide some structure, let us think of establishing six **brand building blocks** with customers

that we can assemble in a pyramid, with significant brand equity only resulting if brands

reach the top of the pyramid. This brand-building process is illustrated in Figures 3-1 and 3-2.

We’ll look at each of these steps and corresponding brand building blocks and their subdimensions

in the following sections. As will become apparent, building blocks up the left side of the

pyramid represent a more “rational route” to brand building, whereas building blocks up the

right side of the pyramid represent a more “emotional route.” Most strong brands are built by

going up both sides of the pyramid.

**Brand Resonance Pyramid:**

**Subdimensions of Brand Building Blocks:**

Brand Salience品牌特征

Achieving the right brand identity means creating brand salience with customers. **Brand salience**

measures various aspects of the awareness of the brand and how easily and often the brand is evoked

under various situations or circumstances. To what extent is the brand top-of-mind and easily

recalled or recognized? What types of cues or reminders are necessary? How pervasive is this brand

awareness?

We’ve said that brand awareness refers to customers’ ability to recall and recognize the brand

under different conditions and to link the brand name, logo, symbol, and so forth to certain associations

in memory. In particular, building brand awareness helps customers understand the product or

service category in which the brand competes and what products or services are sold under the brand

name. It also ensures that customers know which of their “needs” the brand—through these products—

is designed to satisfy. In other words, what basic functions does the brand provide to customers?

Breadth and Depth of Awareness.  Brand awareness thus gives the product an identity by

linking brand elements to a product category and associated purchase and consumption or usage

situations. The depth of brand awareness measures how likely it is for a brand element to come

to mind, and the ease with which it does so. A brand we easily recall has a deeper level of brand

awareness than one that we recognize only when we see it. The breadth of brand awareness measures

the range of purchase and usage situations in which the brand element comes to mind and

depends to a large extent on the organization of brand and product knowledge in memory.1 To see

how this works, consider the breadth and depth of brand awareness for Tropicana orange juice.

recall, we need to appreciate product category structure , or how product categories are organized

in memory. Typically, marketers assume that products are grouped at varying levels of

specificity and can be organized in a hierarchical fashion.2 Thus, in consumers’ minds, a product

hierarchy often exists, with product class information at the highest level, product category

information at the second-highest level, product type information at the next level, and brand

information at the lowest level.

The beverage market provides a good setting to examine issues in category structure and

the effects of brand awareness on brand equity. Figure 3-3 illustrates one hierarchy that might

exist in consumers’ minds. According to this representation, consumers first distinguish between

flavored and nonflavored beverages (water). Next, they distinguish between nonalcoholic

and alcoholic flavored beverages. They further distinguish nonalcoholic beverages into

hot drinks like coffee or tea, and cold drinks like milk, juices, and soft drinks. Alcoholic

beverages are distinguished by whether they are wine, beer, or distilled spirits. We can make

even further distinctions. For example, we can divide the beer category into no-alcohol, lowalcohol

(or “light”), and full-strength beers, and divide full-strength beers by variety (ale or

lager), by brewing method (draft, ice, or dry), by price and quality (discount, premium, or

super-premium), and so on.

Strategic Implications. The product hierarchy shows us that not only the depth of awareness

matters but also the breadth. In other words, the brand must not only be top-of-mind and have

sufficient “mind share,” but it must also do so at the right times and places.

Breadth is an oft-neglected consideration, even for brands that are category leaders. For

many brands, the key question is not whether consumers can recall the brand but where they

think of it, when they think of it, and how easily and how often they think of it. Many brands

and products are ignored or forgotten during possible usage situations. For those brands, the best

route for improving sales may be not to try to improve consumer attitudes but, instead, increasing

brand salience and the breadth of brand awareness and situations in which consumers would

consider using the brand to drive consumption and increase sales volume.

Summary. A highly salient brand is one that has both **depth** and **breadth** of brand awareness, such

that customers always make sufficient purchases as well as always think of the brand across a variety

of settings in which it could possibly be employed or consumed. Brand salience is an important first

step in building brand equity, but is usually not sufficient. For many customers in many situations,

other considerations, such as the meaning or image of the brand, also come into play.

Creating brand meaning includes establishing a brand image—what the brand is characterized

by and should stand for in the minds of customers. Brand meaning is made up of two major

categories of brand associations related to performance and imagery. These associations can be

formed directly, from a customer’s own experiences and contact with the brand, or indirectly,

through advertising or by some other source of information, such as word of mouth.

The next section describes the two main types of brand meaning—brand performance and

brand imagery—and the subcategories within each of those two building blocks.

Brand Performance

The product itself is at the heart of brand equity, because it is the primary influence on what

consumers experience with a brand, what they hear about a brand from others, and what the

firm can tell customers about the brand in their communications. Designing and delivering a

product that fully satisfies consumer needs and wants is a prerequisite for successful marketing,

regardless of whether the product is a tangible good, service, organization, or person. To create

brand loyalty and resonance, marketers must ensure that consumers’ experiences with the

product at least meet, if not actually surpass, their expectations. As Chapter 1 noted, numerous

studies have shown that high-quality brands tend to perform better financially and yield higher

returns on investment.

Brand performance describes how well the product or service meets customers’ more functional

needs. How well does the brand rate on objective assessments of quality? To what extent

does the brand satisfy utilitarian, aesthetic, and economic customer needs and wants in the product

or service category?

Brand performance transcends the product’s ingredients and features to include dimensions

that differentiate the brand. Often, the strongest brand positioning relies on performance advantages

of some kind, and it is rare that a brand can overcome severe performance deficiencies.

**Five important types of attributes and benefits often underlie brand performance**, as follows:6

1. **Primary ingredients and supplementary features.**  Customers often have beliefs about

the levels at which the primary ingredients of the product operate (low, medium, high, or

very high), and about special, perhaps even patented, features or secondary elements that

complement these primary ingredients. Some attributes are essential ingredients necessary

for a product to work, whereas others are supplementary features that allow for customization

and more versatile, personalized usage. Of course these vary by product or service

category.

2. **Product reliability, durability, and serviceability.** Reliability measures the consistency of

performance over time and from purchase to purchase. Durability is the expected economic

life of the product, and serviceability, the ease of repairing the product if needed.

Thus, perceptions of product performance are affected by factors such as the speed,

accuracy, and care of product delivery and installation; the promptness, courtesy, and helpfulness

of customer service and training; and the quality of repair service and the time

involved.

3. **Service effectiveness, efficiency, and empathy同感**.  Customers often have performance-related

associations with service. Service effectiveness measures how well the brand satisfies customers’

service requirements. Service efficiency describes the speed and responsiveness of

service. Finally, service empathy is the extent to which service providers are seen as trusting,

caring, and having the customer’s interests in mind.

4. **Style and design**.  Design has a functional aspect in terms of how a product works that affects

performance associations. Consumers also may have associations with the product that

go beyond its functional aspects to more aesthetic considerations such as its size, shape,

materials, and color involved. Thus, performance may also depend on sensory aspects such

as how a product looks and feels, and perhaps even what it sounds or smells like.

5. **Price**.  The pricing policy for the brand can create associations in consumers’ minds about

how relatively expensive (or inexpensive) the brand is, and whether it is frequently or substantially

discounted. Price is a particularly important performance association because

consumers may organize their product category knowledge in terms of the price tiers of different

brands.7

Brand Imagery

The other main type of brand meaning is brand imagery. Brand imagery depends on the extrinsic

properties of the product or service, including the ways in which the brand attempts to meet customers’

psychological or social needs. It is the way people think about a brand abstractly, rather

than what they think the brand actually does. Thus, imagery refers to more intangible aspects of

the brand, and consumers can form imagery associations directly from their own experience or

indirectly through advertising or by some other source of information, such as word of mouth.

Many kinds of intangibles can be linked to a brand, but **four main ones** are:

1. **User profiles**

**2. Purchase and usage situations**

**3. Personality and values**

**4. History, heritage, and experiences**

User Imagery. One set of brand imagery associations is about the type of person or organization

who uses the brand. This imagery may result in customers’ mental image of actual users or

more aspirational, idealized users. Consumers may base associations of a typical or idealized

brand user on descriptive demographic factors or more abstract psychographic factors. Demographic

factors might include the following:

• **Gender**.  Venus razors and Secret deodorant have “feminine” associations, whereas Gillette

razors and Axe deodorant have more “masculine” associations.8

• **Age**.  Pepsi Cola, Powerade energy sports drink, and Under Armour performance clothing,

shoes and accessories have positioned themselves as fresher and younger in spirit than

Coke, Gatorade, and Nike, respectively.

• **Race**.  Goya foods and the Univision television network have a strong identification with the

Hispanic market.

• **Income**.  Sperry Topsider shoes, Polo shirts, and BMW automobiles became associated with

“yuppies”—young, affluent, urban professionals.

Psychographic factors might include attitudes toward life, careers, possessions, social issues,

or political institutions; for example, a brand user might be seen as iconoclastic or as more

traditional and conservative.

In a business-to-business setting, user imagery might relate to the size or type of organization.

For example, buyers might see Microsoft as an “aggressive” company and L. L. Bean as

a “caring” company. User imagery may focus on more than characteristics of just one type of

individual and center on broader issues in terms of perceptions of a group as a whole. For example,

customers may believe that a brand is used by many people and therefore view the brand

as “popular” or a “market leader.”

Purchase and Usage Imagery. A second set of associations tells consumers under what conditions

or situations they can or should buy and use the brand. Associations can relate to type of channel, such as department stores, specialty stores, or the Internet; to specifi c stores such as

Macy’s, Foot Locker, or Bluefl y; and to ease of purchase and associated rewards (if any).

Associations to a typical usage situation can relate to the time of day, week, month, or year to

use the brand; location—for instance, inside or outside the home; and type of activity during which

to use the brand—formal or informal. For a long time, pizza chain restaurants had strong associations

to their channels of distribution and the manner by which customers would purchase and eat

the pizza— Domino’s was known for delivery, Little Caesar for takeout, and Pizza Hut for dine-in

service—although in recent years each of these major competitors has made inroads in the traditional

markets of the others.

Brand Personality and Values.  Through consumer experience or marketing activities,

brands may take on personality traits or human values and, like a person, appear to be “modern,”

“old-fashioned,” “lively,” or “exotic.”9  Five dimensions of brand personality (with corresponding

subdimensions) are sincerity (down-to-earth, honest, wholesome, and cheerful), excitement

(daring, spirited, imaginative, and up-to-date), competence (reliable, intelligent, successful), sophistication

(upper class and charming), and ruggedness (outdoorsy and tough).10

How does brand personality get formed? Any aspect of a brand may be used by consumers to

infer brand personality. One research study found that consumers perceived nonprofit companies

as being “warmer” than for-profit companies but as less competent. Further, consumers were less

willing to buy a product made by a nonprofit than a for-profit company because of their perception

that the firm lacked competence, but those purchasing misgivings disappeared when perceptions of

the competency of the nonprofit were improved, for example, by a credible endorsement such as

from the Wall Street Journal .11

Although any aspect of the marketing program may affect brand personality, marketing

communications and advertising may be especially influential because of the inferences consumers

make about the underlying user or usage situation depicted or reflected in an ad. For

example, advertisers may imbue a brand with personality traits through anthropomorphization

and product animation techniques; through personification and the use of brand characters; and

through user imagery, such as the preppy look of Abercrombie & Fitch models.12 More generally,

the actors in an ad, the tone or style of the creative strategy, and the emotions or feelings

evoked by the ad can affect brand personality. Once brands develop a personality, it can be difficult

for consumers to accept information they see as inconsistent with that personality.13

Still, user imagery and brand personality may not always be in agreement. When

performance-related attributes are central to consumer decisions, as they are for food products,

for example, brand personality and user imagery may be less closely related. Differences

between personality and imagery may arise for other reasons too. For example, early in its U.S.

brand development, Perrier’s brand personality was “sophisticated” and “stylish,” whereas its

actual user imagery was not as flattering or subdued but “flashy” and “trendy.”

When user and usage imagery are important to consumer decisions, however, brand personality

and imagery are more likely to be related, as they are for cars, beer, liquor, cigarettes, and cosmetics.

Thus, consumers often choose and use brands that have a brand personality consistent with their

own self-concept, although in some cases the match may be based on consumers’ desired rather

than their actual image.14  These effects may also be more pronounced for publicly consumed products

than for privately consumed goods because the signaling aspect of a brand may be more important

under those conditions.15  Consumers who are high “self-monitors” and sensitive to how others

see them are more likely to choose brands whose personalities fi t the consumption situation.16

User and usage imagery is often an issue in the highly competitive automotive category.

One company looking to sharpen its brand personality and imagery is Chrysler.

Brand History, Heritage, and Experiences. Finally, brands may take on associations

to their past and certain noteworthy events in the brand’s history. These types of

associations may recall distinctly personal experiences and episodes or past behaviors and

experiences of friends, family, or others. They can be highly personal and individual, or

more well-known and shared by many people. For example, there may be associations to

aspects of the brand’s marketing program, the color of the product or look of its package,

the company or person that makes the product and the country in which it is made, the type

of store in which it is sold, the events for which the brand is a sponsor, and the people who

endorse the brand.

These types of associations can help create strong points-of-difference. In the midst of

the recent major recession, Northern Trust used the fact that it was over 120 years old and

had weathered many financial downturns through the years to reinforce trust and stability to

its wealthy clientele.18 In any case, associations to history, heritage, and experiences draw

upon more specific, concrete examples that transcend the generalizations that make up the

usage imagery. In the extreme case, brands become iconic by combining all these types

of associations into what is in effect a myth, tapping into enduring consumer hopes and

dreams.19

Summary. A number of different types of associations related to either performance or imagery

may become linked to the brand. We can characterize the brand associations making up

the brand image and meaning according to three important dimensions—strength, favorability,

and uniqueness—that provide the key to building brand equity. Successful results on these three

dimensions produce the most positive brand responses, the underpinning of intense and active

brand loyalty.

Creating strong, favorable, and unique associations is a real challenge to marketers,

but essential to building customer-based brand equity. Strong brands typically have firmly

established favorable and unique brand associations with consumers. Brand meaning is

what helps produce brand responses , or what customers think or feel about the brand. We

can distinguish brand responses as either brand judgments or brand feelings, that is, in

terms of whether they arise from the “head” or from the “heart,” as the following sections

describe.

**Brand Judgments**

Brand judgments are customers’ personal opinions about and evaluations of the brand,

which consumers form by putting together all the different brand performance and imagery

associations. Customers may make all types of judgments with respect to a brand, but

four types are particularly important: **judgments about quality, credibility, consideration,**

**and superiority.**

Brand Quality. Brand attitudes are consumers’ overall evaluations of a brand and often

form the basis for brand choice.20 Brand attitudes generally depend on specific attributes

and benefits of the brand. For example, consider Hilton hotels. A consumer’s attitude toward

Hilton depends on how much he or she believes the brand is characterized by certain

associations that matter to the consumer for a hotel chain, like location; room comfort, design,

and appearance; service quality of staff; recreational facilities; food service; security;

prices; and so on.

Brand Credibility. Customers may also form judgments about the company or organization

behind the brand. **Brand credibility** describes the extent to which customers see the brand as

credible in terms of three dimensions: **perceived expertise, trustworthiness, and likability**. Is the

brand seen as (1) competent, innovative, and a market leader (brand expertise); (2) dependable

and keeping customer interests in mind (brand trustworthiness); and (3) fun, interesting,

and worth spending time with (brand likability)? In other words, credibility measures whether

consumers see the company or organization behind the brand as good at what it does, concerned

about its customers, and just plain likable.22

Brand Consideration. Favorable brand attitudes and perceptions of credibility are important,

but not important enough if customers don’t actually consider the brand for possible purchase or

use. As Chapter 2 introduced, consideration depends in part on how personally relevant customers

find the brand and is a crucial filter in terms of building brand equity. No matter how highly

they regard the brand or how credible they find it, unless they also give it serious consideration

and deem it relevant, customers will keep a brand at a distance and never closely embrace it.

Brand consideration depends in large part on the extent to which strong and favorable brand associations

can be created as part of the brand image.

Brand Superiority. Superiority measures the extent to which customers view the brand as

unique and better than other brands. Do customers believe it offers advantages that other brands

cannot? Superiority is absolutely critical to building intense and active relationships with customers

and depends to a great degree on the number and nature of unique brand associations that

make up the brand image.

Brand Feelings

**Brand feelings** are customers’ emotional responses and reactions to the brand. Brand feelings

also relate to the social currency evoked by the brand. What feelings are evoked by the marketing

program for the brand or by other means? How does the brand affect customers’ feelings

about themselves and their relationship with others? These feelings can be mild or intense and

can be positive or negative.

A passionate believer in the concept, Roberts reinforces the point that trustmarks truly belong to

the people who offer the love to the brand, and that an emotional connection is critical.25

The emotions evoked by a brand can become so strongly associated that they are accessible

during product consumption or use. Researchers have defined **transformational advertising** as

advertising designed to change consumers’ perceptions of the actual usage experience with the

product.

More and more firms are attempting to tap into more consumer emotions with their brands.

The following are six important types of brand-building feelings:29

1. **Warmth**:  The brand evokes soothing types of feelings and makes consumers feel a sense of

calm or peacefulness. Consumers may feel sentimental, warmhearted, or affectionate about

the brand. Many heritage brands such as Welch’s jelly, Quaker oatmeal, and Aunt Jemima

pancake mix and syrup tap into feelings of warmth.

2. **Fun**:  Upbeat types of feelings make consumers feel amused, lighthearted, joyous, playful,

cheerful, and so on. With its iconic characters and theme park rides, Disney is a brand often

associated with fun.

3. **Excitement**: The brand makes consumers feel energized and that they are experiencing something

special. Brands that evoke excitement may generate a sense of elation, of “being alive,”

or being cool, sexy, etc. MTV is a brand seen by many teens and young adults as exciting.

4. **Security**: The brand produces a feeling of safety, comfort, and self-assurance. As a result of

the brand, consumers do not experience worry or concerns that they might have otherwise

felt. Allstate Insurance and its “Good Hands” symbol and State Farm and its “Like a Good

Neighbor” slogan are brands that communicate security to many.

5. **Social approval:** The brand gives consumers a belief that others look favorably on their appearance,

behavior, and so on. This approval may be a result of direct acknowledgment of

the consumer’s use of the brand by others or may be less overt and a result of attribution

of product use to consumers. To an older generation of consumers, Cadillac is a brand that

historically has been a signal of social approval.

6. **Self-respect**: The brand makes consumers feel better about themselves; consumers feel a

sense of pride, accomplishment, or fulfillment. A brand like Tide laundry detergent is able

to link its brand to “doing the best things for the family” to many homemakers.

These six feelings can be divided into two broad categories: The first three types of feelings are

experiential and immediate, increasing in level of intensity; the latter three types of feelings are

private and enduring, increasing in level of gravity.

Brand Resonance

The final step of the model focuses on the ultimate relationship and level of identification that

the customer has with the brand.30 **Brand resonance** describes the nature of this relationship and

the extent to which customers feel that they are “in sync” with the brand. Examples of brands

with historically high resonance include Harley-Davidson, Apple, and eBay.

Resonance is characterized in terms of intensity, or the depth of the psychological bond that

customers have with the brand, as well as the level of activity engendered by this loyalty (repeat

purchase rates and the extent to which customers seek out brand information, events, and other loyal

customers). We can break down these two dimensions of brand resonance into **four categories**:

1. Behavioral loyalty

2. Attitudinal attachment

3. Sense of community

4. Active engagement

Behavioral Loyalty. We can gauge behavioral loyalty in terms of repeat purchases and the

amount or share of category volume attributed to the brand, that is, the “share of category requirements.”

In other words, how often do customers purchase a brand and how much do they purchase?

For bottom-line profit results, the brand must generate sufficient purchase frequencies and volumes.

The lifetime value of behaviorally loyal consumers can be enormous.31 For example, a loyal

General Motors customer could be worth $276,000 over his or her lifetime (assuming 11 or more

vehicles bought and word-of-mouth endorsement that makes friends and relatives more likely

to consider GM products). Or consider new parents. By spending $100 a month on diapers and

wipes for 24–30 months, they can create lifetime value of as much as $3,000 for just one baby.

Attitudinal Attachment. Behavioral loyalty is necessary but not sufficient for resonance

to occur.32 Some customers may buy out of necessity—because the brand is the only product

stocked or readily accessible, the only one they can afford, or other reasons. Resonance, however,

requires a strong personal attachment. Customers should go beyond having a positive

attitude to viewing the brand as something special in a broader context. For example, customers

with a great deal of attitudinal attachment to a brand may state that they “love” the brand,

describe it as one of their favorite possessions, or view it as a “little pleasure” that they look

forward to.

Sense of Community. The brand may also take on broader meaning to the customer by conveying

a sense of community.36 Identification with a brand community may reflect an important

social phenomenon in which customers feel a kinship or affiliation with other people associated

with the brand, whether fellow brand users or customers, or employees or representatives of the

company. A brand community can exist online or off-line.37 Branding Brief 3-1 profiles three

company-initiated programs to help build brand communities. A stronger sense of community

among loyal users can engender favorable brand attitudes and intentions.38

Active Engagement. Finally, perhaps the strongest affirmation of brand loyalty occurs when

customers are engaged, or willing to invest time, energy, money, or other resources in the brand

beyond those expended during purchase or consumption of the brand.39 For example, customers

may choose to join a club centered on a brand, receive updates, and exchange correspondence

with other brand users or formal or informal representatives of the brand itself. Companies are

making it increasingly easy for customers to buy a range of branded merchandise so they can

literally express their loyalty.

Summary. In short, brand resonance and the relationships consumers have with brands

have two dimensions: **intensity强烈** and **activity**. Intensity measures the strength of the attitudinal

attachment and sense of community. Activity tells us how frequently the consumer buys and

uses the brand, as well as engages in other activities not related to purchase and consumption.

Brand-Building Implications含义

The **brand resonance** model provides a road map and guidance for brand building, a yardstick

by which brands can assess their progress in their brand-building efforts as well as a

guide for marketing research initiatives. With respect to the latter, one model application

aids in brand tracking and providing quantitative measures of the success of brand-building

efforts (see Chapter 8). Figure 3-4 contains a set of candidate measures for the six brand

building blocks.

The brand resonance model also reinforces a number of important branding tenets, five of

which are particularly noteworthy. We discuss them in the following sections.

**Possible Measures of Brand Building Blocks：**

I. Salience

What brands of product or service category can you think of?

(using increasingly specific product category cues)

Have you ever heard of these brands?

Which brands might you be likely to use under the following

situations . . . ?

How frequently do you think of this brand?

II. Performance

Compared with other brands in the category, how well does this brand

provide the basic functions of the product or service category?

Compared with other brands in the category, how well does this brand

satisfy the basic needs of the product or service category?

To what extent does this brand have special features?

How reliable is this brand?

How durable is this brand?

How easily serviced is this brand?

How effective is this brand’s service? Does it completely satisfy your

requirements?

How efficient is this brand’s service in terms of speed, responsiveness, and

so forth?

How courteous and helpful are the providers of this brand’s service?

How stylish do you find this brand?

How much do you like the look, feel, and other design aspects of

this brand?

Compared with other brands in the category with which it competes, are

this brand’s prices generally higher, lower, or about the same?

Compared with other brands in the category with which it competes, do

this brand’s prices change more frequently, less frequently, or about the

same amount?

III. Imagery

To what extent do people you admire and respect use this brand?

How much do you like people who use this brand?

How well do the following words describe this brand: down-to-earth,

honest, daring, up-to-date, reliable, successful, upper class, charming,

outdoorsy?

What places are appropriate to buy this brand?

How appropriate are the following situations to use this brand?

Can you buy this brand in a lot of places?

Is this a brand that you can use in a lot of different situations?

To what extent does thinking of the brand bring back pleasant memories?

To what extent do you feel you grew up with the brand?

IV. Judgments

Quality

What is your overall opinion of this brand?

What is your assessment of the product quality of this brand?

To what extent does this brand fully satisfy your product needs?

How good a value is this brand?

Credibility

How knowledgeable are the makers of this brand?

How innovative are the makers of this brand?

How much do you trust the makers of this brand?

To what extent do the makers of this brand understand your needs?

To what extent do the makers of this brand care about your opinions?

To what extent do the makers of this brand have your interests in mind?

Credibility (cont.)

How much do you like this brand?

How much do you admire this brand?

How much do you respect this brand?

Consideration

How likely would you be to recommend this brand to others?

Which are your favorite products in this brand category?

How personally relevant is this brand to you?

Superiority

How unique is this brand?

To what extent does this brand offer advantages that other brands

cannot?

How superior is this brand to others in the category?

V. Feelings

Does this brand give you a feeling of warmth?

Does this brand give you a feeling of fun?

Does this brand give you a feeling of excitement?

Does this brand give you a feeling of security?

Does this brand give you a feeling of social approval?

Does this brand give you a feeling of self-respect?

VI. Resonance

Loyalty

I consider myself loyal to this brand.

I buy this brand whenever I can.

I buy as much of this brand as I can.

I feel this is the only brand of this product I need.

This is the one brand I would prefer to buy/use.

If this brand were not available, it would make little difference to me if I

had to use another brand.

I would go out of my way to use this brand.

Attachment

I really love this brand.

I would really miss this brand if it went away.

This brand is special to me.

This brand is more than a product to me.

Community

I really identify with people who use this brand.

I feel as if I almost belong to a club with other users of this brand.

This is a brand used by people like me.

I feel a deep connection with others who use this brand.

Engagement

I really like to talk about this brand to others.

I am always interested in learning more about this brand.

I would be interested in merchandise with this brand’s name on it.

I am proud to have others know I use this brand.

I like to visit the Web site for this brand.

Compared with other people, I follow news about this brand closely.

Customers Own the Brands. The basic premise前提 of the brand resonance model is that the true

measure of the strength of a brand is the way consumers think, feel, and act with respect to that brand.

The strongest brands will be those to which consumers become so attached and passionate that they,

in effect, become evangelists or missionaries and attempt to share their beliefs and spread the word

about the brand. The power of the brand and its ultimate value to the firm reside with customers.

It is through learning about and experiencing a brand that customers end up thinking, feeling,

and acting in a way that allows the fi rm to reap the benefi ts of brand equity. Although marketers

must take responsibility for designing and implementing the most effective and efficient

brand-building marketing programs possible, the success of those marketing efforts ultimately

depends on how consumers respond and the actions they take. This response, in turn, depends on

the knowledge that has been created in their minds and hearts for those brands. The Science of

Branding 3-2 describes some criteria to determine whether a company is truly consumer-centric.

Don’t Take Shortcuts with Brands. The brand resonance model reinforces the fact that

there are no shortcuts in building a brand. A great brand is not built by accident but is the product

of carefully accomplishing—either explicitly or implicitly—a series of logically linked steps

with consumers. The more explicitly marketers recognize the steps and define them as concrete

goals, the more likely they will give them the proper attention and fully realize them so they can

provide the greatest contribution to brand building. The length of time to build a strong brand

will therefore be directly proportional to the amount of time it takes to create sufficient awareness

and understanding so that firmly held and felt beliefs and attitudes about the brand are

formed that can serve as the foundation for brand equity.

Brands Should Have a Duality. One important point reinforced by the model is that a strong

brand has a **duality**—it appeals to both the head and the heart. Thus, although there may be two

different ways to build loyalty and resonance—going up the left-hand and right-hand sides of

the pyramid—strong brands often do both. Strong brands blend product performance and imagery

to create a rich, varied, but complementary set of consumer responses to the brand.

According to these authors, **customer-centricity** means that all employees understand how their actions

affect share price.

Brands Should Have Richness. The level of detail in the brand resonance model highlights

the number of possible ways to create meaning with consumers and the range of possible

avenues to elicit consumer responses. Collectively, these various aspects of brand meaning and

the resulting responses produce strong consumer bonds to the brand. The various associations

making up the brand image may be reinforcing, helping strengthen or increase the favorability

of other brand associations, or they may be unique, helping add distinctiveness or offset some

potential deficiencies. Strong brands thus have both breadth (in terms of duality) and depth (in

terms of richness).

At the same time, brands should not necessarily be expected to score highly on all the various

dimensions and categories making up each core brand value. Building blocks can have hierarchies

in their own right. For example, with respect to brand awareness, typically marketers

should first establish category identification in some way before considering strategies to expand

brand breadth via needs satisfied or benefits offered. With brand performance, they may wish to

first link primary characteristics and related features before attempting to link additional, more

peripheral associations.

Similarly, brand imagery often begins with a fairly concrete initial articulation of user and

usage imagery that, over time, leads to broader, more abstract brand associations of personality,

value, history, heritage, and experience. Brand judgments usually begin with positive quality and

credibility perceptions that can lead to brand consideration and then perhaps ultimately to assessments

of brand superiority. Brand feelings usually start with either experiential ones (warmth,

fun, and excitement) or inward ones (security, social approval, and self-respect.) Finally, resonance

again has a clear ordering, whereby behavioral loyalty is a starting point, but attitudinal

attachment or a sense of community is almost always needed for active engagement to occur.

Brand Resonance Provides Important Focus. As Figure 3-1 shows, brand resonance is the

pinnacle of the brand resonance model and provides important focus and priority for decision

making about marketing. Marketers building brands should use brand resonance as a goal and a

means to interpret their brand-related marketing activities. The question to ask is, To what extent

is marketing activity affecting the key dimensions of brand resonance—consumer loyalty, attachment,

community, or engagement with the brand? Is marketing activity creating brand performance

and imagery associations and consumer judgments and feelings that will support these

brand resonance dimensions?

It is virtually impossible, however, for consumers to experience an intense, active loyalty

relationship with all the brands they purchase and consume. Thus, some brands will be more

meaningful to consumers than others, because of the nature of their associated product or

service, the characteristics of the consumer, and so on. Some brands have more resonance

potential than others. When it is difficult to create a varied set of feelings and imagery associations,

marketers might not be able to obtain the deeper aspects of brand resonance like

active engagement. Nevertheless, by taking a broader view of brand loyalty, they may be able

to gain a more holistic appreciation for their brand and how it connects to consumers. And

by defining the proper role for the brand, they should be able to obtain higher levels of brand

resonance

THE BRAND VALUE CHAIN

Developing a strong positioning and building brand resonance are crucial marketing goals. To

better understand the ROI of marketing investments, however, another tool is necessary. The

**brand value chain** is a structured approach to assessing the sources and outcomes of brand equity

and the manner by which marketing activities create brand value.44 It recognizes that many

different people within an organization can affect brand equity and need to be aware of relevant

branding effects. The brand value chain thus provides insights to support brand managers, chief

marketing officers, managing directors, and chief executive officers, all of whom may need different

types of information.

The brand value chain has several basic premises前提. Consistent with the brand resonance

model, it assumes that the value of a brand ultimately resides with customers. Based on this

insight, the model next assumes that the brand value creation process begins when the firm invests

in a marketing program targeting actual or potential customers (stage 1). The associated

marketing activity then affects the customer mind-set—what customers know and feel about

the brand—as reflected by the brand resonance model (stage 2). This mind-set, across a broad

group of customers, produces the brand’s performance in the marketplace—how much and

when customers purchase, the price that they pay, and so forth (stage 3). Finally, the investment

community considers this market performance—and other factors such as replacement cost and

purchase price in acquisitions—to arrive at an assessment of shareholder value in general and a

value of the brand in particular (stage 4).

The model also assumes that a number of linking factors intervene between these stages.

These linking factors determine the extent to which value created at one stage transfers or “multiplies”

to the next stage. Three sets of multipliers moderate the transfer between the marketing

program and the three value stages: the **program quality multiplier**, the **marketplace conditions**

**multiplier**, and the i**nvestor sentiment multiplie**r. The brand value chain model is summarized in

Figure 3-5. Next we describe the value stages and multiplying factors in more detail and look at

examples of both positive and negative multiplier effects.

**Brand Value Chain:**

Value Stages

Brand value creation begins with marketing activity by the firm.

Marketing Program Investment. Any marketing program investment that can contribute

to brand value development, intentionally or not, falls into this first value stage. Chapters 4–7

outline many such marketing activities, like product research, development, and design; trade

or intermediary support; marketing communications including advertising, promotion, sponsorship,

direct and interactive marketing, personal selling, publicity, and public relations; and

employee training. A big investment of course does not guarantee success. The ability of a marketing

program investment to transfer or multiply farther down the chain depends on qualitative

aspects of the marketing program and the program quality multiplier.

Program Quality Multiplier. The ability of the marketing program to affect the customer

mind-set will depend on its quality. Throughout the book, we review a number of different

means to judge the quality of a marketing program. One handy way to remember some key considerations

is through the acronym DRIVE, as follows:

1. Distinctiveness: How unique is the marketing program? How creative or differentiating

is it?

2. Relevance: How meaningful is the marketing program to customers? Do consumers feel the

brand is one they should seriously consider?

3. Integrated: How well integrated is the marketing program at one point in time and over

time? Do all aspects combine to create the biggest impact with customers as possible? Does

the marketing program relate effectively to past marketing programs and properly balance

continuity and change, evolving the brand in the right direction?

4. Value: How much short-run and long-run value does the marketing program create? Will it

profitably drive sales in the short run? Will it build brand equity in the long run?

5. Excellence: Is the individual marketing activity designed to satisfy the highest standards?

Does it reflect state-of-the art thinking and corporate wisdom as success factors for that particular

type of marketing activity?

Customer Mind-Set. In what ways have customers been changed as a result of the marketing

program? How have those changes manifested themselves in the customer mind-set?

Remember, the **customer mind-set** includes everything that exists in the minds of customers

with respect to a brand: thoughts, feelings, experiences, images, perceptions, beliefs, and attitudes.

In its totality, the brand resonance model captures a wide range of aspects of the customer

mind-set. To provide a concise summary, a shorter “**5 As**” list can highlight important measures

of the customer **mind-set** as suggested by the resonance model:

1. **Brand Awareness**: The extent and ease with which customers recall and recognize the brand

and can identify the products and services with which it is associated.

2. **Brand Associations**: The strength, favorability, and uniqueness of perceived attributes and

benefits for the brand. Brand associations often represent key sources of brand value, because

they are the means by which consumers feel brands satisfy their needs.

3. **Brand Attitudes**: Overall evaluations of the brand in terms of its quality and the satisfaction

it generates.

4. **Brand Attachment品牌依恋**: The degree of loyalty the customer feels toward the brand. A strong

form of attachment, adherence, is the consumer’s resistance to change and the ability of a

brand to withstand bad news like a product or service failure. In the extreme, attachment can

even become addiction.

5. **Brand Activity**: The extent to which customers use the brand, talk to others about the brand,

seek out brand information, promotions, and events, and so on.

These five dimensions can be easily related to the brand resonance model (awareness relates

to salience, associations relate to performance and imagery, attitudes relate to judgments and

feelings, and attachment and activity relate to resonance). As in the resonance model, an obvious

hierarchy exists in the dimensions of value: awareness supports associations, which drive

attitudes that lead to attachment and activity. Brand value is created at this stage when customers

have (1) deep, broad brand awareness; (2) appropriately strong, favorable, and unique pointsof-

parity and points-of-difference; (3) positive brand judgments and feelings; (4) intense brand

attachment and loyalty; and (5) a high degree of brand activity.

Marketplace Conditions Multiplier. The extent to which value created in the minds of customers

affects market performance depends on factors beyond the individual customer. Three

such factors are:

1. Competitive superiority: How effective are the marketing investments of competing brands?

2. Channel and other intermediary support: How much brand reinforcement and selling effort

is being put forth by various marketing partners?

3. Customer size and profile: How many and what types of customers are attracted to the

brand? Are they profitable?

The value created in the minds of customers will translate to favorable market performance when

competitors fail to provide a significant threat, when channel members and other intermediaries provide

strong support, and when a sizable number of profitable customers are attracted to the brand.

Market Performance. We saw in Chapter 2 that the customer mind-set affects how customers

react in the marketplace in six main ways. The first two relate to price premiums and price

elasticities. How much extra are customers willing to pay for a comparable product because of

its brand? And how much does their demand increase or decrease when the price rises or falls? A

third outcome is market share, which measures the success of the marketing program in driving

brand sales. Taken together, the first three outcomes determine the direct revenue stream attributable

to the brand over time. Brand value is created with higher market shares, greater price premiums,

and more elastic responses to price decreases and inelastic responses to price increases.

The fourth outcome is brand expansion, the success of the brand in supporting line and category

extensions and new-product launches into related categories. This dimension captures the

brand’s ability to add enhancements to the revenue stream. The fifth outcome is cost structure

or, more specifically, reduced marketing program expenditures thanks to the prevailing customer

mind-set. When customers already have favorable opinions and knowledge about a brand, any

aspect of the marketing program is likely to be more effective for the same expenditure level;

alternatively, the same level of effectiveness can be achieved at a lower cost because ads are

more memorable, sales calls more productive, and so on. When combined, these five outcomes

lead to brand profitability, the sixth outcome.

The ability of the brand value created at this stage to reach the final stage in terms of stock

market valuation again depends on external factors, this time according to the investor sentiment

multiplier.

Investor Sentimen感情 Multiplier. Financial analysts and investors consider a host of factors in

arriving at their brand valuations and investment decisions. Among them are the following:

• Market dynamics: What are the dynamics of the financial markets as a whole (interest rates,

investor sentiment, supply of capital)?

• Growth potential: What is the growth potential or prospects for the brand and the industry

in which it operates? For example, how helpful are the facilitating factors and how inhibiting

are the hindering external factors that make up the firm’s economic, social, physical, and

legal environment?

• Risk profile: What is the risk profile for the brand? How vulnerable is the brand to those

facilitating and inhibiting factors?

• Brand contribution: How important is the brand to the firm’s brand portfolio?

Implications

The brand value chain has a number of implications. First, value creation begins with the

marketing program investment. Therefore, a necessary—but not suffi cient—condition for value

creation is a well-funded, well-designed, and well-implemented marketing program. It is rare

that marketers can get something for nothing.

Second, value creation requires more than the initial marketing investment. Each of the

three multipliers can increase or decrease market value as it moves from stage to stage. In other

words, value creation also means ensuring that value transfers from stage to stage. Unfortunately,

many factors that can inhibit value creation may be largely out of the marketer’s hands,

like investors’ industry sentiment. Recognizing the uncontrollable nature of these factors is important

to help put in perspective the relative success or failure of a marketing program to create

brand value. Just as sports coaches cannot be held accountable for unforeseen circumstances

such as injuries to key players and financial constraints that make it difficult to attract top talent,

so marketers cannot necessarily be held accountable for certain market forces and dynamics.

Third, as we’ll outline in Chapters 8–10, the brand value chain provides a detailed road map

for tracking value creation that can make marketing research and intelligence efforts easier. Each

of the stages and multipliers has a set of measures by which we can assess it. In general, there

are three main sources of information, and each taps into one value stage and one multiplier. The

fi rst stage, the marketing program investment, is straightforward and can come from the marketing

plan and budget. We can assess both customer mind-set and the program quality multiplier

with quantitative and qualitative customer research. Market performance and the marketplace

conditions multiplier appear in market scans and internal accounting records. Finally, we can

estimate shareholder value and the investor sentiment multiplier through investor analysis and

interviews.

Modifications to the brand value chain can expand its relevance and applicability. First,

there are a number of feedback loops.

REVIEW

Brand planning is aided by three interlocking models that can both qualitatively guide and interpret

possible marketing actions as well as quantitatively measure marketing effects (see Figure 3-6).

Chapter 2 introduced the **brand positioning model（pop pod）**. This chapter described in detail the second and third brand planning tools—the **brand resonance（brand mind-set）** and **brand value chain models**. The **brand resonance** model lists a series of steps for building a strong brand: (1) establishing

the proper brand identity, (2) creating the appropriate brand meaning, (3) eliciting the right

brand responses, and (4) forging appropriate brand relationships with customers. Specifically,

according to this model, building a strong brand requires establishing breadth and depth of brand

awareness; creating strong, favorable, and unique brand associations; eliciting positive, accessible

brand responses; and forging intense, active brand relationships. Achieving these four steps,

in turn, means establishing six brand building blocks: brand salience, brand performance, brand

imagery, brand judgments, brand feelings, and brand resonance.

The strongest brands excel on all six of these dimensions and thus fully execute all four

steps of building a brand. In the brand resonance model, the most valuable brand building block,

**brand resonance**, occurs when all the other core brand values are completely “in sync” with

respect to customers’ needs, wants, and desires. In other words, brand resonance reflects a completely

harmonious悦耳的 relationship between customers and the brand. With true brand resonance,

customers have a high degree of loyalty marked by a close relationship with the brand and actively

seek means to interact with the brand and share their experiences with others. Firms that

are able to achieve resonance and affinity with their customers should reap a host of valuable

benefits, such as greater price premiums and more efficient and effective marketing programs.

Thus, the basic premise of the brand resonance model is that the true measure of the

strength of a brand depends on how consumers think, feel, and act with respect to that brand.

Achieving brand resonance requires eliciting the proper cognitive appraisals and emotional

reactions to the brand from customers. That, in turn, necessitates establishing brand identity

and creating the right meaning in terms of brand performance and brand imagery associations.

A brand with the right identity and meaning can make a customer believe it is relevant and “my

kind of product.” The strongest brands will be those to which consumers become so attached

and passionate that they, in effect, become evangelists or missionaries and attempt to share

their beliefs and spread the word about the brand.

The brand value chain is a means to trace the value creation process for brands to better

understand the financial impact of brand marketing expenditures and investments. Taking the

customer’s perspective of the value of a brand, the brand value chain assumes that the brand

value creation process begins when the firm invests in a marketing program targeting actual

or potential customers. Any marketing program investment that potentially can be attributed to

brand value development falls into this category, for example, product research, development,

and design; trade or intermediary support; and marketing communications.

The marketing activity associated with the program then affects the customer mind-set with

respect to the brand—what customers know and feel about the brand. The customer mind-set

includes everything that exists in the minds of customers with respect to a brand: thoughts, feelings,

experiences, images, perceptions, beliefs, attitudes, and so forth. Consistent with the brand

resonance model, five key dimensions that are particularly important measures of the **customer**

**mind-set** are **brand awareness, brand associations, brand attitudes, brand attachment, and brand**

**activity or experience.**

The customer mind-set affects how customers react or respond in the marketplace in a

variety of ways. **Six key outcomes** of that response are price premiums, price elasticities,

market share, brand expansion, cost structure, and brand profitability. Based on a thorough

understanding of the brand’s past, current and future prospects, as well as other factors, the

financial marketplace then formulates opinions and makes various assessments that have direct

financial implications for the value of the brand. Three particularly important indicators are the

**stock price, the price/earnings multiple, and overall market capitalization** for the firm.

The model also assumes that a number of linking factors intervene between these stages.

These linking factors determine the extent to which value created at one stage transfers or “multiplies”

to the next stage. Thus, there are three sets of multipliers that moderate the transfer

between the marketing program and the subsequent three value stages: the **program multiplier**,

the **customer multiplier**, and the **market multiplier**.

Once marketers have determined the brand planning, they can put into place the actual marketing

program to create, strengthen, or maintain brand associations. Chapters 4–7 in Part III of

the text describe some of the important marketing issues in designing brand-building marketing

programs.

**The Brand Planning Models:**

chapter 4

book note

Choosing Brand Elements

to Build Brand Equity

CRITERIA FOR CHOOSING BRAND ELEMENTS:

1. Memorable

Easily recognized

Easily recalled

2. Meaningful

Descriptive

Persuasive

3. Likable

Fun and interesting

Rich visual and verbal imagery

Aesthetically pleasing

4. Transferable

Within and across product categories

Across geographic boundaries and cultures

5. Adaptable

Flexible

Updatable

6. Protectable

Legally

Competitively

The first three criteria—memorability, meaningfulness, and likability—are the marketer’s

offensive strategy and build brand equity. The latter three, however, play a defensive role for

leveraging and maintaining brand equity in the face of different opportunities and constraints.

Let’s consider each of these general criteria.

Memorability

A necessary condition for building brand equity is achieving a high level of brand awareness.

Brand elements that promote that goal are inherently memorable and attention-getting and therefore

facilitate recall or recognition in purchase or consumption settings. For example, a brand of

propane gas cylinders named Blue Rhino featuring a powder-blue animal mascot with a distinctive

yellow flame is likely to stick in the minds of consumers.

Meaningfulness

Brand elements may take on all kinds of meaning, with either descriptive or persuasive content.

We saw in Chapter 1 that brand names can be based on people, places, animals or birds, or other

things or objects. Two particularly important criteria are how well the brand element conveys the

following:

• General information about the function of the product or service: Does the brand element

have descriptive meaning and suggest something about the product category, the needs satisfied

or benefits supplied? How likely is it that a consumer could correctly identify the

product category for the brand based on any one brand element? Does the brand element

seem credible in the product category?

• Specific information about particular attributes and benefits of the brand: Does the brand

element have persuasive meaning and suggest something about the particular kind of product,

or its key points-of-difference attributes or benefits? Does it suggest something about

some aspect of the product performance or the type of person who might use the brand?

The first dimension is an important determinant of brand awareness and salience; the second, of

brand image and positioning.

Likability

Independent of its memorability and meaningfulness, do customers find the brand element aesthetically

appealing?1 Is it likable visually, verbally, and in other ways? Brand elements can

be rich in imagery and inherently fun and interesting, even if not always directly related to the

product.

A memorable, meaningful, and likable set of brand elements offers many advantages because

consumers often do not examine much information in making product decisions. Descriptive

and persuasive elements reduce the burden on marketing communications to build awareness

and link brand associations and equity, especially when few other product-related associations

exist. Often, the less concrete the possible product benefits are, the more important is the creative

potential of the brand name and other brand elements to capture intangible characteristics

of a brand.

Transferability

Transferability measures the extent to which the brand element adds to the brand equity for new

products or in new markets for the brand. There are several aspects to this criterion.

First, how useful is the brand element for line or category extensions? In general, the

less specific the name, the more easily it can be transferred across categories. For example,

Amazon connotes a massive South American river and therefore as a brand can be appropriate

for a variety of different types of products. Books “R” Us obviously would not have

afforded the same flexibility if Amazon had chosen that name to describe its original line of

business.

Second, to what extent does the brand element add to brand equity across geographic

boundaries and market segments? To a large extent this depends on the cultural content and linguistic

qualities of the brand element. One of the main advantages of nonmeaningful, synthetic

names like Exxon is that they transfer well into other languages.

The difficulties or mistakes that even top marketers have encountered in translating their

brand names, slogans, and packages into other languages and cultures over the years have become

legendary. As an example, Microsoft was challenged when launching its Vista operating

system in Latvia, because the name means “chicken” or “frumpy woman” in the local language.3

Figure 4-2 includes some of the more notorious mishaps.4 To avoid such complications, companies

must review all their brand elements for cultural meaning before introducing the brand into

a new market.

Adaptability

The fifth consideration for brand elements is their adaptability over time. Because of changes in

consumer values and opinions, or simply because of a need to remain contemporary, most brand

elements must be updated. The more adaptable and flexible the brand element, the easier it is to

update it. For example, logos and characters can be given a new look or a new design to make

them appear more modern and relevant.

Protectability

The sixth and final general consideration is the extent to which the brand element is protectable—

both in a legal and a competitive sense. Marketers should (1) choose brand elements that can be legally

protected internationally, (2) formally register them with the appropriate legal bodies, and (3) vigorously

defend trademarks from unauthorized competitive infringement. The necessity of legally protecting the

brand is dramatized by the billions of dollars in losses in the United States alone from unauthorized use

of patents, trademarks, and copyrights, as described in The Science of Branding 4-1.

Another consideration is whether the brand is competitively protectable. If a name, package,

or other attribute is too easily copied, much of the uniqueness of the brand may disappear.

For example, consider the once red-hot ice-beer category. Although Molson Ice was one of the

early entries in the category, it quickly lost its pioneering advantage when Miller Ice and what

later became Bud Ice were introduced. Marketers need to reduce the likelihood that competitors

can create a derivative based on the product’s own elements.

OPTIONS AND TACTICS FOR BRAND ELEMENTS

Brand Names

The brand name is a fundamentally important choice because it often captures the central theme

or key associations of a product in a very compact and economical fashion. Brand names can be

an extremely effective shorthand means of communication.6 Whereas an advertisement lasts half

a minute and a sales call could run to hours, customers can notice the brand name and register its

meaning or activate it in memory in just a few seconds.

Because it is so closely tied to the product in the minds of consumers, however, the brand

name is also the most difficult element for marketers to change. So they systematically research

them before making a choice. The days when Henry Ford II could name his new automobile the

“Edsel” after the name of a family member seem to be long gone.

Naming Guidelines. Selecting a brand name for a new product is certainly an art and a science.

Figure 4-3 displays the different types of possible brand names according to brand identity

experts Lippincott. Like any brand element, brand names must be chosen with the six general

criteria of memorability, meaningfulness, likability, transferability, adaptability, and protectability

in mind.

Brand Awareness Brand names that are simple and easy to pronounce or spell, familiar and

meaningful, and different, distinctive, and unusual can obviously improve brand awareness.7

Simplicity and Ease of Pronunciation and Spelling. Simplicity reduces the effort consumers have

to make to comprehend and process the brand name. Short names often facilitate recall because

they are easy to encode and store in memory—consider Aim toothpaste, Raid pest spray, Bold

laundry detergent, Suave shampoo, Off insect repellent, Jif peanut butter, Ban deodorant, and Bic

pens. Marketers can shorten longer names to make them easier to recall. For example, over the

years Chevrolet cars have also become known as “Chevy,” Budweiser beer has become “Bud,” and

Coca-Cola is also “Coke.”8

**Lippincott Brand Name Taxonomy:**

Surname

Dell, Siemens, Gillette

Descriptive

American Online, Pizza Hut, General Motors

Invented

Häagen-Dazs, Kodak, Xerox

Connotative

Duracell, Humana, Infiniti

Bridge

Westin, DaimlerChrysler, ExxonMobil

Arbitrary

Apple, Yahoo!, Infiniti

To encourage word-of-mouth exposure that helps build strong memory links, marketers

should also make brand names easy to pronounce. Also keep in mind that rather than risk the

embarrassment of mispronouncing a diffi cult name like Hyundai automobiles, Shiseido cosmetics,

or Façonnable clothing, consumers may just avoid pronouncing it altogether.

Brands with difficult-to-pronounce names have an uphill battle because the firm has to

devote so much of its initial marketing effort to teaching consumers how to pronounce the

name.

**Familiarity and Meaningfulness.** The brand name should be familiar and meaningful so it can

tap into existing knowledge structures. It can be concrete or abstract in meaning. Because the

names of people, objects, birds, animals, and inanimate objects already exist in memory, consumers

have to do less learning to understand their meanings as brand names.12 Links form more

easily, increasing memorability.13 Thus, when a consumer sees an ad for the first time for a car

called “Fiesta,” the fact that the consumer already has the word stored in memory should make it

easier to encode the product name and thus improve its recallability.

To help create strong brand-category links and aid brand recall, the brand name may

also suggest the product or service category, as do JuicyJuice 100 percent fruit juices,

Ticketron ticket selling service, and Newsweek weekly news magazine. Brand elements that are

highly descriptive of the product category or its attribute and benefits can be quite restrictive,

however.14 For example, it may be difficult to introduce a soft drink extension for a brand

called JuicyJuice!

**Differentiated, Distinctive, and Unique.** Although choosing a simple, easy-to-pronounce, familiar,

and meaningful brand name can improve recallability, to improve brand recognition, on the other

hand, brand names should be different, distinctive, and unusual. As Chapter 2 noted, recognition

depends on consumers’ ability to discriminate between brands, and more complex brand names

are more easily distinguished. Distinctive brand names can also make it easier for consumers to

learn intrinsic product information.15

A brand name can be distinctive because it is inherently unique, or because it is unique in

the context of other brands in the category.16 Distinctive words may be seldom-used or atypical

words for the product category, like Apple computers; unusual combinations of real words,

like Toys“R”Us; or completely made-up words, like Cognos or Luxottica. Even made-up brand

names, however, have to satisfy prevailing linguistic rules and conventions—for example, try to

pronounce names without vowels such as Blfft, Xgpr, or Msdy!

**Sample Suggestive Brand Names:**

ColorStay lipsticks

Head & Shoulders shampoo

Close-Up toothpaste

SnackWell reduced fat snacks

DieHard auto batteries

Mop & Glo floor wax

Lean Cuisine low-calorie frozen entrees

Shake’n Bake chicken seasoning

Sub-Zero refrigerators and freezers

Cling-Free static buildup remover

Brand Associations Because the brand name is a compact form of communication, the explicit

and implicit meanings consumers extract from it are important. In naming a new peer-to-peer

communication technology, the founders landed on the descriptive “Sky peer-to-peer” which

they decided to shorten to Skyper. When the corresponding Web address Skyper.com was not

available, they shortened it again to the much more user-friendly Skype.17

The brand name can be chosen to reinforce an important attribute or benefit association

that makes up its product positioning (see Figure 4-4). Besides performance-related considerations,

brand names can also communicate more abstract considerations as do names like Joy

dishwashing liquid, Caress soap, and Obsession perfume. Consider the reasoning behind the

name of Colgate’s new mini toothbrush.

Brand Name Linguistic Characteristics:

Naming Procedures. A number of different procedures or systems have been suggested for

naming new products. Most adopt a procedure something along the following lines. Figure 4-6

displays some common naming mistakes according to leading marketing and branding consultancy

Lippincott.33

1. Define objectives. First, define the branding objectives in terms of the six general criteria we

noted earlier, and in particular define the ideal meaning the brand should convey. Recognize

the role of the brand within the corporate branding hierarchy and how it should relate to

other brands and products (we’ll discuss this in Chapter 11). In many cases, existing brand

names may serve, at least in part. Finally, understand the role of the brand within the entire

marketing program and the target market.

2. Generate names. With the branding strategy in place, next generate as many names and

concepts as possible. Any potential sources of names are valid: company management

and employees; existing or potential customers (including retailers or suppliers if relevant);

ad agencies, professional name consultants, and specialized computer-based naming companies.

Tens, hundreds, or even thousands of names may result from this step.

3. Screen initial candidates. Screen all the names against the branding objectives and marketing

considerations identified in step 1 and apply the test of common sense to produce a more

manageable list. For example, General Mills starts by eliminating the following:

• Names that have unintentional double meaning

• Names that are unpronounceable, already in use, or too close to an existing name

• Names that have obvious legal complications

• Names that represent an obvious contradiction of the positioning

Next General Mills runs in-depth evaluation sessions with management personnel and

marketing partners to narrow the list to a handful of names, often conducting a quick-anddirty

legal search to help screen out possible problems.

4. Study candidate names. Collect more extensive information about each of the final 5–10

names. Before spending large amounts of money on consumer research, it is usually advisable

to do an extensive international legal search. Because this step is expensive, marketers

often search on a sequential basis, testing in each country only those names that survived

the legal screening from the previous country.

5. Research the final candidates. Next, conduct consumer research to confirm management expectations

about the memorability and meaningfulness of the remaining names. Consumer

testing can take all forms. Many firms attempt to simulate the actual marketing program

and consumers’ likely purchase experiences as much as possible.34 Thus, they may show

consumers the product and its packaging, price, or promotion so that they understand the

rationale for the brand name and how it will be used. Other aids in this kind of research are

realistic three-dimensional packages and concept boards or low-cost animatic advertising

using digital techniques. Marketers may survey many consumers to capture differences in

regional or ethnic appeal. They should also factor in the effects of repeated exposure to the

brand name and what happens when the name is spoken versus written.

6. Select the final name.  Based on all the information collected from the previous step, management

should choose the name that maximizes the fi rm’s branding and marketing objectives

and then formally register it.

Some segment of consumers or another will always have at least some potentially negative

associations with a new brand name. In most cases, however, assuming they are not severe, these

associations will disappear after the initial marketing launch. Some consumers will dislike a new

brand name because it’s unfamiliar or represents a deviation from the norm. Marketers should

remember to separate these temporal considerations from more enduring effects. Here is how a

new airline arrived at its name.35

**Seven Crucial Naming Mistakes:**

URLs

URLs (uniform resource locators) specify locations of pages on the Web and are also commonly

referred to as domain names. Anyone wishing to own a specific URL must register and pay for

the name. As companies clamored for space on the Web, the number of registered URLs increased

dramatically. Every three-letter combination and virtually all words in a typical English

dictionary have been registered. The sheer volume of registered URLs often makes it necessary

for companies to use coined words for new brands if they wish to have a Web site for the brand.

For example, when Andersen Consulting selected its new name, it chose the coined word “Accenture”

in part because the URL www.accenture.com had not been registered.

Logos and Symbols

Although the brand name typically is the central element of the brand, visual elements also play

a critical role in building brand equity and especially brand awareness. Logos have a long history

as a means to indicate origin, ownership, or association. For example, families and countries

have used logos for centuries to visually represent their names (think of the Hapsburg eagle of

the Austro-Hungarian Empire).

Logos range from corporate names or trademarks (word marks with text only) written in a

distinctive form, to entirely abstract designs that may be completely unrelated to the word mark,

corporate name, or corporate activities.41  Examples of brands with strong word marks and no

accompanying logo separate from the name include Coca-Cola, Dunhill, and Kit Kat. Examples

of abstract logos include the Mercedes star, Rolex crown, CBS eye, Nike swoosh, and Olympic

rings. These non–word mark logos are also often called symbols.

Benefits. Logos and symbols are often easily recognized and can be a valuable way to identify

products, although consumers may recognize them but be unable to link them to any specific

product or brand. Many insurance firms use symbols of strength (the Rock of Gibraltar for Prudential

and the stag for Hartford) or security (the “good hands” of Allstate, the hard hat of Fireman’s

Fund, and the red umbrella of Travelers).

Another branding advantage of logos is their versatility: Because they are often nonverbal,

logos transfer well across cultures and over a range of product categories. For example, corporate

brands often develop logos in order to confer their identity on a wide range of products and

to endorse different sub-brands. Marketers must think carefully, however, as to how prominent

the brand name and logo should be on any product, especially more luxury ones.42

Abstract logos offer advantages when the full brand name is difficult to use for any reason.

In the United Kingdom, for example, National Westminster Bank created a triangular device as a

logo because the name itself was long and cumbersome and the logo could more easily appear as

an identification device on checkbooks, literature, signage, and promotional material. The logo

also uses the shortened version of the company name, NatWest.43

Finally, unlike brand names, logos can be easily adapted over time to achieve a more contemporary

look. For example, in 2000, John Deere revamped its deer trademark for the first time

in 32 years, making the animal appear to be leaping up rather than landing. The change was intended

to “convey a message of strength and agility with a technology edge.

Characters

Characters represent a special type of brand symbol—one that takes on human or real-life characteristics.

Brand characters typically are introduced through advertising and can play a central

role in ad campaigns and package designs. Some are animated characters like the Pillsbury

Doughboy, Peter Pan peanut butter, and numerous cereal characters such as Tony the Tiger and

Snap, Crackle & Pop. Others are live-action figures like Juan Valdez (Colombian coffee) and

Ronald McDonald. One character has been both in its lifetime.

Benefits. Because they are often colorful and rich in imagery, brand characters tend to be attention

getting and quite useful for creating brand awareness. Brand characters can help brands break

through marketplace clutter as well as help communicate a key product benefit. For example, Maytag’s

Lonely Repairman has helped reinforce the company’s key “reliability” product association.

The human element of brand characters can enhance likeability and help create perceptions

of the brand as fun and interesting.47 A consumer may more easily form a relationship with a

brand when the brand literally has a human or other character presence. Characters avoid many

of the problems that plague human spokespeople—they don’t grow old, demand pay raises, or

cheat on their wives. An interesting exception occurred, however, when Aflac fired the human

voice to its famed duck character, comedian Gilbert Gottfried, after he posted some controversial

remarks on Twitter that made light of the fallout from the earthquake and tsunami in Japan.48

Finally, because brand characters do not typically have direct product meaning, they may

also be transferred relatively easily across product categories.

Cautions. There are some cautions and drawbacks to using brand characters. Brand characters

can be so attention getting and well liked that they dominate other brand elements and actually

dampen brand awareness.

Slogans

**Slogans** are short phrases that communicate descriptive or persuasive information about the

brand. They often appear in advertising but can play an important role on packaging and in other

aspects of the marketing program. When Snickers advertised, “Hungry? Grab a Snickers,” the

slogan also appeared on the candy bar wrapper itself.

Slogans are powerful branding devices because, like brand names, they are an extremely efficient,

shorthand means to build brand equity. They can function as useful “hooks” or “handles”

to help consumers grasp the meaning of a brand—what it is and what makes it special.52 They

are an indispensable means of summarizing and translating the intent of a marketing program

in a few short words or phrases. For example, State Farm Insurance’s “Like a Good Neighbor,

State Farm Is There” has been used for decades to represent the brand’s dependability and aura

of friendship.

Benefits. Some slogans help build brand awareness by playing off the brand name in some

way, as in “The Citi Never Sleeps.” Others build brand awareness even more explicitly by making

strong links between the brand and the corresponding product category, like when Lifetime

would advertise that it was “Television for Women.” Most important, slogans can help reinforce

the brand positioning as in “Staples. That Was Easy.” For HBO, a slogan was critical to conveying

its unique positioning.

Slogans often become closely tied to advertising campaigns and serve as tag lines to summarize

the descriptive or persuasive information conveyed in the ads. DeBeers’s “A Diamond Is

Forever” tag line communicates that diamonds bring eternal love and romance and never lose

value. Slogans can be more expansive and more enduring than just ad tag lines, though campaign-

specific tag lines may help reinforce the message of a particular campaign instead of the

brand slogan for a certain period of time.

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specific tag lines may help reinforce the message of a particular campaign instead of the

brand slogan for a certain period of time.

Because slogans are perhaps the easiest brand element to change over time, marketers have

more flexibility in managing them. In **changing slogans**, however, they must do the following:

1.  Recognize how the slogan is contributing to brand equity, if at all, through enhanced awareness

or image.

2. Decide how much of this equity enhancement, if any, is still needed.

3. Retain the needed or desired equities still residing in the slogan as much as possible while

providing whatever new twists of meaning are necessary to contribute to equity in other ways.

Sometimes modifying an existing slogan is more fruitful than introducing a new slogan with

a completely new set of meanings. For example, Dockers switched its slogan from the wellreceived

“Nice Pants” to “One Leg at a Time” in the late 1990s before reverting to the previous

slogan when recognizing it had given up too much built-up equity.

Jingles

Jingles are musical messages written around the brand. Typically composed by professional

songwriters, they often have enough catchy hooks and choruses to become almost permanently

registered in the minds of listeners—sometimes whether they want them to or not! During the

first half of the twentieth century, when broadcast advertising was confined primarily to radio,

jingles were important branding devices.

We can think of jingles as extended musical slogans, and in that sense classify them as a

brand element. Because of their musical nature, however, jingles are not nearly as transferable

as other brand elements. They can communicate brand benefits, but they often convey product

meaning in a nondirect and fairly abstract fashion. Thus the potential associations they might

create for the brand are most likely to relate to feelings and personality and other intangibles.

Jingles are perhaps most valuable in enhancing brand awareness. Often, they repeat the

brand name in clever and amusing ways that allow consumers multiple encoding opportunities.

Consumers are also likely to mentally rehearse or repeat catchy jingles after the ad is over, providing

even more encoding opportunities and increasing memorability.

Packaging

Packaging is the activities of designing and producing containers or wrappers for a product. Like

other brand elements, packages have a long history. Early humans used leaves and animal skin

to cover and carry food and water. Glass containers first appeared in Egypt as early as 2000 b.c.

Later, the French emperor Napoleon awarded 12,000 francs to the winner of a contest to find a

better way to preserve food, leading to the first crude method of vacuum packing.57

From the perspective of both the firm and consumers, packaging must achieve a number of

objectives:58

**• Identify the brand.**

**• Convey descriptive and persuasive information.**

**• Facilitate product transportation and protection.**

**• Assist in at-home storage.**

**• Aid product consumption.**

Marketers must choose the aesthetic and functional components of packaging correctly to

achieve marketing objectives and meet consumers’ needs. Aesthetic considerations govern a

package’s size and shape, material, color, text, and graphics. Innovations in printing processes

now permit eye-catching and appealing graphics that convey elaborate and colorful messages on

the package at the “moment of truth”—the point of purchase.59

the look of its packaging. For example, if you ask the average consumer what comes to mind

when he or she thinks of Heineken beer, a common response is a “green bottle.” The package can

become an important means of brand recognition and convey or imply information to build or

reinforce valuable brand associations. Molson’s beer sales increased by 40 percent in the United

States after the company modifi ed the bottle’s back labels to include cheeky “ice-breakers”

for bar patrons such as “On the Rebound,” “Sure, You Can Have My Number,” and “Fairly

Intimidated by Your Beauty.” Buoyed by that success, they later introduced “Answer Honestly”

bottle back labels that gave drinkers challenging choices to mull over.61

Structural packaging innovations can create a point-of-difference that permits a higher margin.

New packages can also expand a market and capture new market segments. Packaging changes

can have immediate impact on customer shopping behavior and sales: a redesign of Häagen-Dazs

packaging increased fl avor shoppability by 21 percent; General Mills saw an increase in sales of

80 percent after redesigning Bisquick Shake n’ Pour package to improve its ergonomics and by

creating a “smooth, curvy form that reinforces the brand equity”; and a redesign on the packaging

for Jimmy Dean’s Biscuit Sandwiches lead to an increase of 13 percent in household penetration.62

One of the major packaging trends of recent years is to make both bigger and smaller packaged versions

of products (as well as portions) to appeal to new market segments.63  Jumbo sizes have been successfully

introduced for hot dogs, pizzas, English muffi ns, frozen dinners, and beer. Pillsbury’s Grands!

biscuits—40 percent larger than existing offerings—were the most successful new product in the company’s

126-year history when introduced. But sometimes smaller has proven to be successful too.

Packaging at the Point of Purchase. The right packaging can create strong appeal on the

store shelf and help products stand out from the clutter, critical when you realize that the average

supermarket shopper can be exposed to 20,000 or more products in a shopping visit that may last

less than 30 minutes and include many unplanned purchases. Many consumers may first encounter

a new brand on the supermarket shelf or in the store. Because few product differences exist

in some categories, packaging innovations can provide at least a temporary edge on competition.

For these reasons, packaging is a particularly cost-effective way to build brand equity.65 It is

sometimes called the “last five seconds of marketing” as well as “permanent media” or “the last

salesman.” Walmart looks at packaging critically and tests whether consumers understand the

brand promise behind the package within three seconds and up to 15 feet from the shelf. Note

that consumer exposure to packaging is not restricted to the point of purchase and moments of

consumption, because brand packages often can play a starring role in advertising.

Packaging Innovations. Packaging innovations can both lower costs and/or improve demand.

One important supply-side goal for many firms is to redesign packages and employ more

recyclable materials to lower the use of paper and plastic. Toward that goal, U.S. food, beverage,

and consumer product manufacturers reported that they had eliminated 1.5 billion pounds of

packaging between 2005 and 2011 with another 2.5 billion pounds expected to be avoided by

2020, representing an overall reduction of 19 percent in total average U.S. packaging weight.66

On the demand side, in mature markets especially, package innovations can provide a

short-term sales boost. The beverage industry in general has been characterized by a number of

packaging innovations. For example, following the lead of Snapple’s wide-mouth glass bottle,

Arizona iced teas and fruit drinks in oversize (24-ounce), pastel-colored cans with a southwestern

motif became a $300 million brand in a few years with no marketing support beyond pointof-

purchase and rudimentary outdoor ads, designed in-house.67

Package Design. An integral part of product development and launch, package design has

become a more sophisticated process. In the past, it was often an afterthought, and colors, materials,

and so forth were often chosen fairly arbitrarily. For example, legend has it that Campbell’s

famous soup is red and white because one executive at the company liked the uniforms of Cornell

University’s football team!

These days, specialized package designers bring artistic techniques and scientific skills to

package design in an attempt to meet the marketing objectives for a brand. These consultants

conduct detailed analyses to break down the package into a number of different elements.68

They decide on the optimal look and content of each element and choose which elements should

be dominant in any one package—whether the brand name, illustration, or some other graphical

element—and how the elements should relate to each other. Designers can also decide which

elements should be shared across packages and which should differ (and how).

Designers often refer to the “shelf impact” of a package—the visual effect the package

has at the point of the purchase when consumers see it in the context of other packages in the

category. For example, “bigger and brighter” packages are not always better when competitors’

packages are also factored in.69 Given enough shelf space, however, manufacturers can create

billboard effects with their brand to raise their prominence and impact. General Mill deliberately

“tiled” graphical elements of their packaging so that some of their mega-brands with multiple

varieties such as Cheerios, Nature Valley Granola Bars, and Progresso Soup would stand out.70

Although packaging is subject to some legal requirements, such as nutrition information on

food products, there is plenty of scope for improving brand awareness and forming brand associations.

Perhaps one of the most important visual design elements for a package is its color.71

Some package designers believe that consumers have a “color vocabulary” when it comes to

products and expect certain types of products to have a particular look.

Packaging Changes. Although packaging changes can be expensive, they can be cost-effective

compared with other marketing communication costs. Firms change their packaging for a number

of reasons:74

• To signal a higher price, or to more effectively sell products through new or shifting distribution

channels. For instance, Kendall Oil redid its package to make it more appealing to

do-it-yourselfers when it found more of its sales coming from supermarkets and hardware

stores rather than service stations.

• When a significant product line expansion would benefit from a common look, as with Planter’s

nuts, Weight Watchers foods, and Stouffer’s frozen foods.

• To accompany a new product innovation to signal changes to consumers. To emphasize

the brand’s “green” heritage, Stevia redesigned the packaging on its SweetLeaf product,

changing the look and the size and promoting the 100 percent recycled materials used in its

manufacture.75

• When the old package just looks outdated. Kraft updated its Macaroni & Cheese packaging

in 2010—the first time in more than 10 years—to better underscore the brand’s core equities

(happiness, smiles, and joy) through a “noodle smile” symbol as well as to unify its three

sub-brands.76

Packaging changes have accelerated in recent years as marketers have sought to gain an

advantage wherever possible. As one Coca-Cola ad executive noted, “There’s no question the

crowded marketplace has inspired companies to change their boxes more often, and there’s

greater use of promotional packages to give the appearance that things are changing.”

In making a packaging change, marketers need to recognize its effect on the original or current

customer franchise for the brand.77 Under these circumstances, marketers must not lose the

key package equities that have been built up. Branding Brief 4-3 describes some setbacks marketers

have faced updating packaging and other brand elements in recent years.

To identify or confirm key package equities, consumer research is usually helpful (see

Branding Brief 4-3). If packaging recognition is a critical consumer success factor for the brand,

however, marketers must be especially careful. It would be a mistake to change the packaging

so significantly that consumers don’t recognize it in the store. Retailers’ opinions can also be

important too.

PUTTING IT ALL TOGETHER

Each brand element can play a different role in building brand equity, so marketers “mix and

match” to maximize brand equity.79 For example, meaningful brand names that are visually represented

through logos are easier to remember with than without such reinforcement.80

The entire set of brand elements makes up the brand identity, the contribution of all brand

elements to awareness and image. The cohesiveness of the brand identity depends on the extent

to which the brand elements are consistent. Ideally, marketers choose each element to support the

others, and all can be easily incorporated into other aspects of the brand and the marketing program.

Some strong brands have a number of valuable brand elements that directly reinforce each

other. For example, consider Charmin toilet tissue. Phonetically, the name itself conveys softness.

The brand character, Mr. Whipple, and the brand slogan, “Please Don’t Squeeze the Charmin,”

also help reinforce the key point-of-difference for the brand of “softness.”

Although the actual product or service itself is critical in building a strong brand, the right

brand elements can be invaluable in developing brand equity.

REVIEW

Brand elements are those trademarkable devices that identify and differentiate the brand. The

main ones are brand names, URLs, logos, symbols, characters, slogans, jingles, and packages.

Brand elements can both enhance **brand awareness** and **facilitate the formation of strong,**

**favorable, and unique brand associations.**

Six criteria are particularly important. First, brand elements should be inherently **memorable**,

easy to recognize, and easy to recall. Second, they should be inherently **meaningful** to

convey information about the nature of the product category, the particular attributes and benefits

of a brand, or both. The brand element may even reflect brand personality, user or usage

imagery, or feelings for the brand. Third, the information conveyed by brand elements does not

necessarily have to relate to the product alone and may simply be inherently appealing or **likable**.

Fourth, brand elements can be **transferable** within and across product categories to support

line and brand extensions, and across geographic and cultural boundaries and market segments.

Fifth, brand elements should be **adaptable** and flexible over time. Finally, they should be **legally**

**protectable** and, as much as possible, competitively defensible. Brand Focus 4.0 outlines some

of the key legal considerations in protecting the brand.

Because different brand elements have different strengths and weaknesses, marketers “mix

and match” to maximize their collective contribution to brand equity. Figure 4-8 offers a critique

of different brand elements according to the six key criteria.

**Critique of Brand Element Options:**

chapter 5

book note

Designing Marketing Programs

to Build Brand Equity

NEW PERSPECTIVES ON MARKETING

The strategy and tactics behind marketing programs have changed dramatically in recent years

as firms have dealt with enormous shifts in their external marketing environments. As outlined in

Chapter 1, changes in the economic, technological, political–legal, sociocultural, and competitive

environments have forced marketers to embrace new approaches and philosophies. Some of

these **changes** include:2

• **Rapid technological developments**

**• Greater customer empowerment**

**• Fragmentation of traditional media**

**• Growth of interactive and mobile marketing options**

**• Channel transformation and disintermediation**

**• Increased competition and industry convergence**

**• Globalization and growth of developing markets**

**• Heightened environmental, community, and social concerns**

**• Severe economic recession**

These changes, and others such as privatization and regulation, have combined to give customers

and companies new capabilities with a number of implications for the practice of brand

management

**The New Capabilities of the New Economy:**

Consumers

Can wield substantially more customer power.

Can purchase a greater variety of available goods and services.

Can obtain a great amount of information about practically anything.

Can more easily interact with marketers in placing and receiving orders.

Can interact with other consumers and compare notes on products and services.

Companies

Can operate a powerful new information and sales channel with augmented

geographic reach to inform and promote their company and its products.

Can collect fuller and richer information about their markets, customers,

prospects, and competitors.

Can facilitate two-way communication with their customers and prospects, and

facilitate transaction efficiency.

Can send ads, coupons, promotion, and information by e-mail to customers and

prospects who give them permission.

Can customize their offerings and services to individual customers.

Can improve their purchasing, recruiting, training, and internal and external

communication.

INTEGRATING MARKETING

In today’s marketplace, there are many different means by which products and services and their

corresponding marketing programs can build brand equity. Channel strategies, communication

strategies, pricing strategies, and other marketing activities can all enhance or detract from brand

equity. The customer-based brand equity model provides some useful guidance to interpret these

effects. One implication of the conceptualization of customer-based brand equity is that the

manner in which brand associations are formed does not matter—only the resulting awareness

and strength, favorability, and uniqueness of brand associations.

Thus, marketers should evaluate all possible means to create knowledge, considering not

just efficiency and cost but also effectiveness. At the center of all brand-building efforts is the

actual product or service. Marketing activities surrounding that product, however, can be critical,

as is the way marketers integrate the brand into them.

Personalizing Marketing

The rapid expansion of the Internet and continued fragmentation of mass media have brought the need

for personalized marketing into sharp focus. Many maintain that the modern economy celebrates the

power of the individual consumer. To adapt to the increased consumer desire for personalization,

marketers have embraced concepts such as experiential marketing and relationship marketing.

Experiential Marketing. Experiential marketing promotes a product by not only communicating

a product’s features and benefits but also connecting it with unique and interesting

consumer experiences. One marketing commentator describes experiential marketing this way:

“The idea is not to sell something, but to demonstrate how a brand can enrich a customer’s life.”7

Pine and Gilmore, pioneers on the topic, argued over a decade ago that we are on the threshold

of the “Experience Economy,” a new economic era in which all businesses must orchestrate

memorable events for their customers.8 They made the following assertions:

• If you charge for stuff, then you are in the commodity business.

• If you charge for tangible things, then you are in the goods business.

• If you charge for the activities you perform, then you are in the service business.

• If you charge for the time customers spend with you, then and only then are you in the experience

business

Schmitt details five different types of **marketing experiences** that are becoming increasingly vital

to consumers’ perceptions of brands:

• Sense marketing appeals to consumers’ senses (sight, sound, touch, taste, and smell).

• Feel marketing appeals to customers’ inner feelings and emotions, ranging from mildly positive

moods linked to a brand (e.g., for a noninvolving, nondurable grocery brand or service

or industrial product) to strong emotions of joy and pride (e.g., for a consumer durable,

technology, or social marketing campaign).

• Think marketing appeals to the intellect in order to deliver cognitive, problem-solving experiences

that engage customers creatively.

• Act marketing targets physical behaviors, lifestyles, and interactions.

• Relate marketing creates experiences by taking into account individuals’ desires to be

part of a social context (e.g., to their self-esteem, being part of a subculture, or a brand

community).

Meyer and Schwager describe a customer experience management (CEM) process that

involves monitoring three different patterns: past patterns (evaluating completed transactions),

present patterns (tracking current relationships), and potential patterns (conducting inquiries

in the hope of unveiling future opportunities).11 The Science of Branding 5-1 describes how

some marketers are thinking more carefully about one particularly interesting aspect of brand

experiences—brand scents!

Relationship Marketing. Marketing strategies must transcend the actual product or service

to create stronger bonds with consumers and maximize brand resonance. This broader set of

activities is sometimes called relationship marketing and is based on the premise that current

customers are the key to long-term brand success.12 Relationship marketing attempts to provide

a more holistic整体的, personalized brand experience to create stronger consumer ties. It expands both

the **depth and the breadth** of brand-building marketing programs.

**Brand Experience Scale:**

**Mass Customization.** The concept behind mass customization, namely making products to fit

the customer’s exact specifications, is an old one, but the advent of digital-age technology enables

companies to offer customized products on a previously unheard-of scale. Going online, customers

can communicate their preferences directly to the manufacturer, which, by using advanced production

methods, can assemble the product for a price comparable to that of a noncustomized item.

   One-to-One Marketing. Don Peppers and Martha Rogers popularized the concept of oneto-

one marketing, an influential perspective on relationship marketing.18 The basic rationale is

that consumers help add value by providing information to marketers; marketers add value, in

turn, by taking that information and generating rewarding experiences for consumers. The firm is

then able to create switching costs, reduce transaction costs, and maximize utility for consumers,

all of which help build strong, profitable relationships.

One-to-one marketing is thus based on several **fundamental strategies**:

• Focus on individual consumers through consumer databases—“We single out consumers.”

• Respond to consumer dialogue via interactivity—“The consumer talks to us.”

• Customize products and services—“We make something unique for him or her.”

Another tenet of one-to-one marketing is treating different consumers differently because of

their different needs, and their different current and future value to the firm. In particular, Peppers

and Rogers stress the importance of devoting more marketing effort to the most valuable consumers.

**Permission Marketing**. Permission marketing, the practice of marketing to consumers only

after gaining their express permission, was another influential perspective on how companies can

break through the clutter and build customer loyalty.

Given the large number of marketing communications that bombard consumers every day,

Godin argues that if marketers want to attract a consumer’s attention, they fi rst need to get his or

her permission with some kind of inducement—a free sample, a sales promotion or discount, a

contest, and so on. By eliciting consumer cooperation in this manner, marketers might  develop

stronger relationships with consumers so that they desire to receive further communications

in the future. Those relationships will only develop, however, if marketers respect consumers’

wishes, and if consumers express a willingness to become more involved with the brand.22

With the help of large databases and advanced software, companies can store gigabytes of

customer data and process this information in order to send targeted, personalized marketing

e-mail messages to customers. Godin identifies five steps to **effective permission marketing**:

1.  Offer the prospect an incentive to volunteer.

2.  Offer the interested prospect a curriculum over time, teaching the consumer about the

product or service being marketed.

3.  Reinforce the incentive to guarantee that the prospect maintains his or her permission.

4.  Offer additional incentives to get more permission from the consumer.

5.  Over time, leverage the permission to change consumer behavior toward profits

Permission marketing is a way of developing the “consumer dialogue” component of onto-

one marketing in more detail. One drawback to permission marketing, however, is that it

presumes that consumers have some sense of what they want. In many cases, consumers have

undefined, ambiguous, or conflicting preferences that might be difficult for them to express.

Thus, marketers must recognize that consumers may need to be given guidance and assistance

in forming and conveying their preferences. In that regard, participation marketing may be a

more appropriate term and concept to employ, because marketers and consumers need to work

together to find out how the firm can best satisfy consumer goals

Reconciling使缓和 the Different Marketing Approaches

These and other different approaches to personalization help reinforce a number of important

marketing concepts and techniques. From a branding point of view, they are particularly useful

means of both eliciting positive brand responses and creating brand resonance to build customerbased

brand equity. Mass customization and one-to-one and permission marketing are all potentially

effective means of getting consumers more actively engaged with a brand.

According to the customer-based brand equity (CBBE) model, however, these different

approaches emphasize different aspects of brand equity. For example, mass customization

and one-to-one and permission marketing might be particularly effective at creating greater

relevance, stronger behavioral loyalty, and attitudinal attachment. Experiential marketing, on the

other hand, would seem to be particularly effective at establishing brand imagery and tapping

into a variety of different feelings as well as helping build brand communities. Despite potentially

different areas of emphasis, all four approaches can build stronger consumer–brand bonds.

One implication of these new approaches is that the traditional “marketing mix” concept and

the notion of the “4 Ps” of marketing—product, price, place (or distribution), and promotion (or

marketing communications)—may not fully describe modern marketing programs, or the many

activities, such as loyalty programs or pop-up stores, that may not necessarily fi t neatly into one

of those designations. Nevertheless, fi rms still have to make decisions about what exactly they are

going to sell, how (and where) they are going to sell it, and at what price. In other words, firms

must still devise product, pricing, and distribution strategies as part of their marketing programs.

The specifics of how they set those strategies, however, have changed considerably. We turn

next to these topics and highlight a key development in each area, recognizing that there are

many other important areas beyond the scope of this text. With product strategy, we emphasize

the role of extrinsic factors; with pricing strategy, we focus on value pricing; and with channel

strategy, we concentrate on channel integration.

PRODUCT STRATEGY

The product itself is the primary influence on what consumers experience with a brand, what

they hear about a brand from others, and what the firm can tell customers about the brand. At the

heart of a great brand is invariably a great product.

Designing and delivering a product or service that fully satisfies consumer needs and wants

is a prerequisite for successful marketing, regardless of whether the product is a tangible good,

service, or organization. For brand loyalty to exist, consumers’ experiences with the product

must at least meet, if not actually surpass, their expectations.

After considering how consumers form their opinions of the quality and value of a product,

we consider how marketers can go beyond the actual product to enhance product experiences

and add additional value before, during, and after product use.

Perceived Quality

Perceived quality is customers’ perception of the overall quality or superiority of a product or

service compared to alternatives and with respect to its intended purpose. Achieving a satisfactory

level of perceived quality has become more difficult as continual product improvements

over the years have led to heightened consumer expectations.26

Much research has tried to understand how consumers form their opinions about quality.

The specific attributes of product quality can vary from category to category. Nevertheless, consistent

with the brand resonance model from Chapter 3, research has identified the following

general dimensions: primary ingredients and supplementary features; product reliability, durability

and serviceability; and style and design.27 Consumer beliefs about these characteristics

often define quality and, in turn, influence attitudes and behavior toward a brand.

Product quality depends not only on functional product performance but on broader performance

considerations as well, like speed, accuracy, and care of product delivery and installation;

the promptness, courtesy, and helpfulness of customer service and training; and the quality of

repair service.

Brand attitudes may also depend on more abstract product imagery, such as the symbolism

or personality reflected in the brand. These “augmented” aspects of a product are often crucial

to its equity. Finally, consumer evaluations may not correspond to the perceived quality of the

product and may be formed by less thoughtful decision making, such as simple heuristics and

decision rules based on brand reputation or product characteristics such as color or scent.

Aftermarketing

To achieve the desired brand image, product strategies should focus on both purchase and consumption.

Much marketing activity is devoted to finding ways to encourage trial and repeat

purchases by consumers. Perhaps the strongest and potentially most favorable associations, however,

result from actual product experience—what Procter & Gamble calls the “second moment

of truth” (the “first moment of truth” occurs at purchase).

Unfortunately, too little marketing attention is devoted to fi nding new ways for consumers

to truly appreciate the advantages and capabilities of products. Perhaps in response to this oversight,

one notable trend in marketing is the growing role of aftermarketing,  that is, those marketing

activities that occur after customer purchase. Innovative design, thorough testing, quality

production, and effective communication—through mass customization or any other means—

are without question the most important considerations in enhancing product consumption experiences

that build brand equity.

In many cases, however, they may only be necessary and not sufficient conditions for

brand success, and marketers may need to use other means to enhance consumption experiences.

Here we consider the role of user manuals, customer service programs, and loyalty

programs.

User Manuals. Instruction or user manuals for many products are too often an afterthought,

put together by engineers who use overly technical terms and convoluted language. Online help

forums put the consumer at the mercy of other equally ignorant users or so-called experts who

may not understand or appreciate the obstacles the average consumer faces.

As a result, consumers’ initial product experiences may be frustrating or, even worse, unsuccessful.

Even if consumers are able to figure out how to make the product perform its basic

functions, they may not learn to appreciate some of its more advanced features, which are usually

highly desirable and possibly unique to the brand.

To enhance consumers’ consumption experiences, marketers must develop user manuals or

help features that clearly and comprehensively describe both what the product or service can do

for consumers and how they can realize these benefits. With increasing globalization, writing

easy-to-use instructions has become even more important because they often require translation

into multiple languages.28 Manufacturers are spending more time designing and testing instructions

to make them as user friendly as possible.

User manuals increasingly may need to appear in online and multimedia formats to most

effectively demonstrate product functions and benefits. Intuit, makers of the Quicken personal

finance management software package, routinely sends researchers home with first-time buyers

to check that its software is easy to install and to identify any sources of problems that

might arise. Corel software adopts a similar “Follow Me Home” strategy and also has “pizza

parties” at the company where marketing, engineering, and quality assurance teams analyze

the market research together, so that marketing does not just hand down conclusions to other

departments.29

Customer Service Programs. Aftermarketing, however, is more than the design and communication

of product instructions. As one expert in the area notes, “The term ‘aftermarketing’

describes a necessary new mind-set that reminds businesses of the importance of building a

lasting relationship with customers, to extend their lifetimes. It also points to the crucial need to

better balance the allocation of marketing funds between conquest activities (like advertising)

and retention activities (like customer communication programs).”30

Creating stronger ties with consumers can be as simple as creating a well-designed customer

service department. Research by Accenture in 2010 found that two in three customers

switched companies in the past year due to poor customer service.31 In the auto industry, aftersales

service from the dealer is a critical determinant of loyalty and repeat buying of a brand.

Routine maintenance and unplanned repairs are an opportunity for dealers to strengthen their

ties with customers.32

Aftermarketing can include the sale of complementary products that help make up a system

or in any other way enhance the value of the core product. Printer manufacturers such as

Hewlett-Packard derive much of their revenue from high-margin postpurchase items such as inkjet

cartridges, laser toner cartridges, and paper specially designed for PC printers. The average

owner of a home PC printer spends much more on consumables over the lifetime of the machine

than on the machine itself.33

Aftermarketing can be an important determinant of profitability. For example, roughly

three-quarters of revenue for aerospace and defense providers comes from aftermarket support

and related sales. Aftermarket sales are strongest when customers are locked in to buying from

the company that sold them the primary product due to service contracts, proprietary technology

or patents, or unique service expertise.34

Loyalty Programs. Loyalty or frequency programs have become one popular means by which

marketers can create stronger ties to customers.35 Their purpose is “identifying, maintaining, and

increasing the yield from a firm’s ‘best’ customers through long-term, interactive, value-added relationships.”

36 Firms in all kinds of industries—most notably the airlines—have established loyalty

programs through different mixtures of specialized services, newsletters, premiums, and incentives.

Often they include extensive co-branding arrangements or brand alliances.

Some tips for building effective loyalty programs follow:41

• **Know your audience**:  Most loyalty marketers employ sophisticated databases and software

to determine which customer segment to target with a given program. Target customers

whose purchasing behavior can be changed by the program.

• **Change is good**:  Marketers must constantly update the program to attract new customers

and prevent other companies in their category from developing “me-too” programs. “Any

loyalty program that stays static will die,” said one executive.

**Listen to your best customers**: Suggestions and complaints from top customers deserve

careful consideration, because they can lead to improvements in the program. Because they

typically represent a large percentage of business, top customers must also receive better

service and more attention.

•  **Engage people**: Make customers want to join the program. Make the program easy to use

and offer immediate rewards when customers sign up. Once they become members, make

customers “feel special,” for example, by sending them birthday greetings, special offers, or

invitations to special events.

PRICING STRATEGY

Price is the one revenue-generating element of the traditional marketing mix, and price premiums

are among the most important benefits of building a strong brand. This section considers the

different kinds of price perceptions that consumers might form, and different pricing strategies

that the firm might adopt to build brand equity.

Consumer Price Perceptions

The pricing strategy can dictate how consumers categorize the price of the brand (as low,

medium, or high), and how firm or how flexible they think the price is, based on how deeply

or how frequently it is discounted.

Consumers often rank brands according to price tiers in a category.43 For example, Figure 5-3

shows the price tiers that resulted from a study of the ice cream market.44 In that market, as the

figure shows, there is also a relationship between price and quality. Within any price tier, there is

a range of acceptable prices, called **price bands**, that indicate the flexibility and breadth marketers

can adopt in pricing their brands within a tier. Some companies sell multiple brands to better compete

in multiple categories. Figure 5-4 displays clothing offerings from Phillips Van Huesen that at

one time covered a wide range of prices and corresponding retail outlets.45

Besides these descriptive “mean and variance” price perceptions, consumers may have price

perceptions that have more inherent product meaning. In particular, in many categories, they

may infer the quality of a product on the basis of its price and use perceived quality and price to

arrive at an assessment of perceived value. Costs here are not restricted to the actual monetary

price but may reflect opportunity costs of time, energy, and any psychological involvement in the

decision that consumers might have.46

Consumer associations of perceived value are often an important factor in purchase decisions.

Thus many marketers have adopted value-based pricing strategies—attempting to sell

the right product at the right price—to better meet consumer wishes, as described in the next

section.

In short, price has complex meaning and can play multiple roles to consumers. The Science

of Branding 5-2 provides insight into how consumers perceive and process prices as part of

their shopping behavior. Marketers need to understand all price perceptions that consumers

have for a brand, to uncover quality and value inferences, and to discover any price premiums

that exist.

Setting Prices to Build Brand Equity

Choosing a pricing strategy to build brand equity means determining the following:

• **A method for setting current prices**

**• A policy for choosing the depth and duration of promotions and discounts**

There are many different approaches to setting prices, and the choice depends on a number of considerations.

This section highlights a few of the most important issues as they relate to brand equity.47

Factors related to the costs of making and selling products and the relative prices of competitive

products are important determinants in pricing strategy. Increasingly, however, firms

are placing greater importance on consumer perceptions and preferences. Many firms now are

employing a value-pricing approach to setting prices and an everyday-low-pricing (EDLP)

approach to determining their discount pricing policy over time. Let’s look at both.

Value Pricing. The objective of value pricing is to uncover the right blend of product quality,

product costs, and product prices that fully satisfies the needs and wants of consumers and

the profit targets of the firm. Marketers have employed value pricing in various ways for years,

sometimes learning the hard way that consumers will not pay price premiums that exceed their

perceptions of the value of a brand. Perhaps the most vivid illustration was the legendary price

cut for Philip Morris’s leading cigarette brand, Marlboro, described in Branding Brief 5-1.48

Two important and enduring branding lessons emerged from the Marlboro episode. First,

strong brands can command price premiums. Once Marlboro’s price entered a more acceptable

range, consumers were willing to pay the still-higher price, and sales of the brand started to

increase. Second, strong brands cannot command an excessive price premium. The clear signal

sent to marketers everywhere is that price hikes without corresponding investments in the value

of the brand may increase the vulnerability of the brand to lower-priced competition. In these

cases, consumers may be willing to “trade down” because they no longer can justify to themselves

that the higher-priced brand is worth it. Although the Marlboro price discounts led to

short-term profi tability declines, they also led to regained market share that put the brand on a

stronger footing over the longer haul.

In today’s challenging new climate, several firms have been successful by adopting a **value pricing**

**strategy**. For example, Walmart’s slogan, “Save Money. Live Better,” describes the

pricing strategy that has allowed it to become the world’s largest retailer. Southwest Airlines

combined low fares with no-frills—but friendly—service to become a powerful force in the airline

industry. The success of these and other fi rms has dramatized the potential benefits of implementing

a value-pricing strategy.

As you might expect, there are a number of opinions regarding the keys for success in

adopting a value-based pricing approach. In general, however, an effective **value-pricing strategy**

should strike the proper balance among three **key components**:

• Product design and delivery

• Product costs

• Product prices

接下

**Product Design and Delivery**. The first key is the proper design and delivery of the product.

Product value can be enhanced through many types of well-conceived and well-executed marketing

programs, such as those covered in this and other chapters of the book. Proponents of value

pricing point out that the concept does not mean selling stripped-down versions of products at

lower prices. Consumers are willing to pay premiums when they perceive added value in products

and services.

**Product Costs**. The second key to a successful value-pricing strategy is to lower costs as

much as possible. Meeting cost targets invariably requires finding additional cost savings through

productivity gains, outsourcing, material substitution (less expensive or less wasteful materials),

product reformulations, and process changes like automation or other factory improvements.53

As one marketing executive once put it: The customer is only going to pay you for what he perceives as real value-added. When you look at your overhead, you’ve got to ask yourself if the customer is really willing to pay for that. If the answer is no, you’ve got to figure out how to get rid of it or you’re

not going to make money.54

**Product Prices.** The final key to a successful value-pricing strategy is to understand exactly

how much value consumers perceive in the brand and thus to what extent they will pay a premium

over product costs.57 A number of techniques are available to estimate these consumer value

perceptions. Perhaps the most straightforward approach is to directly ask consumers their perceptions

of price and value in different ways.

**Communicating Value.** Combining these three components in the right way to create value is

crucial. Just delivering good value, however, is necessary but not sufficient for achieving pricing

success—consumers have to actually understand and appreciate the value of the brand. In many

cases, that value may be obvious—the product or service benefits are clear and comparisons with

competitors are easy. In other cases, however, value may not be obvious, and consumers may

too easily default to purchasing lower-priced competitors. Then marketers may need to engage

in marketing communications to help consumers better recognize the value. In some cases, the

solution may simply require straightforward communications that expand on the value equation

for the brand, such as stressing quality for price. In other cases, it may involve “framing” and

convincing consumers to think about their brand and product decisions differently.

Price Segmentation. At the same time, different consumers may have different value perceptions

and therefore could—and most likely should—receive different prices. Price segmentation

sets and adjusts prices for appropriate market segments. Apple has a three-tier pricing scheme

for iTunes downloads—a base price of 99 cents, but $1.29 for popular hits and 69 cents for

oldies-but-not-so-goodies.58 Starbucks similarly has raised the prices of some of its specialty

beverages while charging less for some basic drinks.59

In part because of wide adoption of the Internet, firms are increasingly employing yield

management principles or dynamic pricing, such as those adopted by airlines to vary their

prices for different market segments according to their different demand and value perceptions.

Everyday Low Pricing. Everyday low pricing (EDLP) has received increased attention as

a means of determining price discounts and promotions over time. EDLP avoids the sawtooth,

whiplash pattern of alternating price increases and decreases or discounts in favor of a more consistent

set of “everyday” base prices on products. In many cases, these EDLP prices are based on

the value-pricing considerations we’ve noted above.

The P&G Experience example

**Reasons for Price Stability**. Why then do firms seek greater price stability? Manufacturers

can be hurt by an overreliance on trade and consumer promotions and the resulting fluctuations

in prices for several reasons.

For example, although trade promotions are supposed to result in discounts on products

only for a certain length of time and in a certain geographic region, that is not always the case.

With forward buying, retailers order more product than they plan to sell during the promotional

period so that they can later obtain a bigger margin by selling the remaining goods at the regular

price after the promotional period has expired. With diverting, retailers pass along or sell the

discounted products to retailers outside the designated selling area.

Summary

To build brand equity, marketers must determine strategies for setting prices and adjusting them,

if at all, over the short and long run. Increasingly, these decisions will reflect consumer perceptions

of value. Value pricing strikes a balance among product design, product costs, and product

prices. From a brand equity perspective, consumers must find the price of the brand appropriate

and fair given the benefits they feel they receive by the product and its relative advantages with

respect to competitive offerings, among other factors. Everyday low pricing is a complementary

pricing approach to determine the nature of price discounts and promotions over time that maintains

consistently low, value-based prices on major items on a day-to-day basis.

There is always tension between lowering prices on the one hand and increasing consumer

perceptions of product quality on the other. Academic researchers Lehmann and Winer believe that

although marketers commonly use price reductions to improve perceived value, in reality discounts

are often a more expensive way to add value than brand-building marketing activities.68 Their argument

is that the lost revenue from a lower margin on each item sold is often much greater than

the additional cost of value-added activities, primarily because many of these costs are fixed and

spread over all the units sold, as opposed to the per unit reductions that result from lower prices.

CHANNEL STRATEGY

The manner by which a product is sold or distributed can have a profound impact on the equity

and ultimate sales success of a brand. **Marketing channels** are defined as “sets of interdependent

organizations involved in the process of making a product or service available for use or

consumption.”69 Channel strategy includes the design and management of intermediaries such

as wholesalers, distributors, brokers, and retailers. Let’s look at how channel strategy can contribute

to brand equity.

Channel Design

A number of possible channel types and arrangements exist, broadly classified into direct and

indirect channels. **Direct channels** mean selling through personal contacts from the company to

prospective customers by mail, phone, electronic means, in-person visits, and so forth. Indirect

channels sell through third-party intermediaries such as agents or broker representatives, wholesalers

or distributors, and retailers or dealers.

Much research has considered the pros and cons of selling through various channels. Although

the decision ultimately depends on the relative profi tability of the different options, some more

specifi c guidelines have been proposed. For example, one study for industrial products suggests

that direct channels may be preferable when product information needs are high, product customization

is high, product quality assurance is important, purchase lot size is important, and

logistics are important. On the other hand, this study also suggests that indirect channels may be

preferable when a broad assortment is essential, availability is critical, and after-sales service is

important. Exceptions to these generalities exist, especially depending on the market segments.72

From the viewpoint of consumer shopping and purchase behaviors, we can see channels as

blending three key factors: **information, entertainment, and experiences.**

• Consumers may learn about a brand and what it does and why it is different or special.

• Consumers may also be entertained by the means by which the channel permits shopping

and purchases.

• Consumers may be able to participate in and experience channel activities.

The risk in designing a hybrid channel system is having too many channels (leading to

conflict among channel members or a lack of support), or too few channels (resulting in market

opportunities being overlooked). The goal is to maximize channel coverage and effectiveness

while minimizing channel cost and conflict.

Because marketers use both direct and indirect channels, let’s consider the brand equity implications

of the two major channel design types.

Indirect Channels

Indirect channels can consist of a number of different types of intermediaries, but we will concentrate

on retailers. Retailers tend to have the most visible and direct contact with customers

and therefore have the greatest opportunity to affect brand equity. As we will outline in greater

detail in Chapter 7, consumers may have associations to any one retailer on the basis of product

assortment, pricing and credit policy, and quality of service, among other factors. Through the

products and brands they stock and the means by which they sell, retailers strive to create their

own brand equity by establishing awareness and strong, favorable, and unique associations.

At the same time, retailers can have a profound influence on the equity of the brands they

sell, especially in terms of the brand-related services they can support or help create. Moreover,

the interplay between a store’s image and the brand images of the products it sells is an important

one. Consumers make assumptions such as “this store only sells good-quality, high-value

merchandise, so this particular product must also be good quality and high value.”

Push and Pull Strategies. Besides the indirect avenue of image transfer, retailers can directly

affect the equity of the brands they sell. Their methods of stocking, displaying, and selling products

can enhance or detract from brand equity, suggesting that manufacturers must take an active

role in helping retailers add value to their brands. A topic of great interest in recent years in that

regard is shopper marketing.

Though defined differently by different people, at its core shopper marketing emphasizes collaboration

between manufacturers and retailers on in-store marketing like brand-building displays,

sampling promotions, and other in-store activities designed to capitalize on a retailer’s capabilities

and its customers. Vlasic is a brand that has ramped up its shopper marketing program.

By devoting marketing efforts to the end consumer, a manufacturer is said to employ a pull

strategy, since consumers use their buying power and influence on retailers to “pull” the product

through the channel. Alternatively, marketers can devote their selling efforts to the channel

members themselves, providing direct incentives for them to stock and sell products to the end

consumer. This approach is called a push strategy , because the manufacturer is attempting to

reach the consumer by “pushing” the product through each step of the distribution chain.

Although certain brands seem to emphasize one strategy more than another (push strategies

are usually associated with more selective distribution, and pull strategies with broader,

more intensive distribution), the most successful marketers—brands like Apple, Coca-Cola, and

Nike—skillfully blend push and pull strategies.

**Services Provided by Channel Members：**

Channel Support. A number of different services provided by channel members can enhance

the value to consumers of purchasing and consuming a brand name product (see Figure 5-5). Although

firms are increasingly providing some of the services themselves through toll-free numbers

and Web sites, establishing a “marketing partnership” with retailers may nevertheless be

critical to ensuring proper channel support and the execution of these various services.

Manufacturers can take a number of steps to keep retail partners happy and prevent

breaks in the supply chain. Resellers often sink significant amounts of money into maintaining

their facilities and paying sales staffs. To compensate them, manufacturers can offer dealers

exclusive access to new products, or branded variants, as described below. Experts also

advise that manufacturers stick to fixed prices when they offer products directly to consumers.

If they do offer big discounts, they should offer them at outlet malls, where they won’t

confuse customers.

**Retail Segmentation.** Retailers are “customers” too. Because of their different marketing

capabilities and needs, retailers may need to be divided into segments or even treated individually

so they will provide the necessary brand support.77 Consider how the following packaged goods

companies have customized their marketing efforts to particular retailers:78

Different retailers may need different product mixes, special delivery systems, customized promotions,

or even their own branded version of the products.

Branded variants have been defined as branded items in a diverse set of durable and semidurable

goods categories that are not directly comparable to other items carrying the same

brand name.79 Manufacturers create branded variants in many ways, including making changes

in color, design, flavor, options, style, stain, motif, features, and layout. For example, portable

stereo “boom boxes” from brands like Sony, Panasonic, and Toshiba come in a broad assortment

of variants, varying in speaker size, total weight, number of audio controls, recording features,

and SKU number.

Branded variants are a means to reduce retail price competition because they make direct

price comparisons by consumers difficult. Thus, different retailers may be given different items

or models of the same brand to sell. Shugan and his colleagues show that as the manufacturer of

a product offers more branded variants, a greater number of retail stores carry the product, and

these stores offer higher levels of retail service for these products.80

**Cooperative Advertising**. One relatively neglected means of increasing channel support is

well-designed cooperative advertising programs. Traditionally, with co-op advertising, a manufacturer

pays for a portion of the advertising that a retailer runs to promote the manufacturer’s

product and its availability in the retailer’s place of business. To be eligible to receive co-op

funds, the retailer usually must follow the manufacturer’s stipulations as to the nature of brand

exposure in the ad. Manufacturers generally share the cost of the advertising on a percentage basis

up to a certain limit but usually 50–50. The total amount of cooperative advertising funds the

manufacturer provides to the retailer is usually based on a percentage of dollar purchases made

by the retailer from the manufacturer.81

The rationale behind cooperative advertising for manufacturers is that it concentrates some

of the communication efforts at a local level where they may have more relevance and selling

impact with consumers. Unfortunately, the brand image communicated through co-op ads is not

as tightly controlled as when the manufacturer runs its own ads, and there is a danger that the

emphasis in a co-op ad may be on the store or on a particular sale it is running rather than on the

brand. Perhaps even worse, there is also a danger that a co-op ad may communicate a message

about the brand that runs counter to its desired image.

An ideal situation is to achieve synergy between the manufacturer’s own ad campaigns for

a brand and its corresponding co-op ad campaigns with retailers. The challenge in designing

effective co-op ads will continue to be striking a balance between pushing the brand and the

store at the same time. In that sense, cooperative advertising will have to live up to its name,

and manufacturers will have to get involved in the design and execution of retailers’ campaigns

rather than just handing over money or supplying generic, uninspired ads.

Summary. In eliciting channel support, manufacturers must be creative in the way they develop

marketing and merchandising programs aimed at the trade or any other channel members.

They should consider how channel activity can encourage trial purchase and communicate or demonstrate

product information, to build brand awareness and image and to elicit positive brand responses.

Direct Channels

For some of the reasons we’ve already noted, manufacturers may choose to sell directly to consumers.

Let’s examine some of the brand equity issues of selling through direct channels.

Company-Owned Stores. To gain control over the selling process and build stronger relationships

with customers, some manufacturers are introducing their own retail outlets, as well as selling

their product directly to customers through various means. These channels can take many forms, the

most complex of which, from a manufacturer’s perspective, is company-owned stores. Hallmark,

Goodyear, and others have sold their own products in their own stores for years. They have eventually

been joined by a number of other firms—including some of the biggest marketers around.

Company stores provide many benefi ts.85  Primarily, they are a means to showcase the brand

and all its different product varieties in a manner not easily achieved through normal retail channels.

For example, Nike might fi nd its products spread all through department stores and athletic

specialty stores. These products may not be displayed in a logical, coordinated fashion, and

certain product lines may not even be stocked. By opening its own stores, Nike was able to

effectively put its best foot forward by showing the depth, breadth, and variety of its branded

products. Company stores can provide the added benefi t of functioning as a test market to gauge

consumer response to alternative product designs, presentations, and prices, allowing fi rms to

keep their fi ngers on the pulse of consumers’ shopping habits.

A disadvantage of company stores is that some companies lack the skills, resources, or contacts

to operate effectively as a retailer. For example, The Disney Store, started in 1987, sells exclusive

Disney-branded merchandise, ranging from toys and videos to collectibles and clothing,

priced from $3 to $3,000. Disney views the stores as an extension of the “Disney experience,”

referring to customers as “guests” and employees as “cast members,” just as it did in its theme

parks. The company has struggled, however, to find the right retail formula through the years,

even selling the chain of stores in Japan and North America to a set of other companies before

eventually buying them back.86

Another issue with company stores, of course, is potential conflict with existing retail channels

and distributors. In many cases, however, company stores can be a means of bolstering

brand image and building brand equity rather than as direct sales devices. For example, Nike

views its stores as essentially advertisements and tourist attractions. The company reports that

research studies have confirmed that Niketown stores enhanced the Nike brand image by presenting

the full scope of its sports and fitness lines to customers and “educating them” on th

value, quality, and benefits of Nike products. The research also revealed that although only about

25 percent of visitors actually made a purchase at a Niketown store, 40 percent of those who did

not buy during their visit eventually purchased Nike products from some other retailer.

Store-Within-a-Store. Besides creating their own stores, some marketers—such as Nike,

Polo, and Levi Strauss (with Dockers)—are attempting to create their own shops within major

department stores. More common in other parts of the world such as Asia, these approaches can

offer the dual benefits of appeasing retailers—and perhaps even allowing them to benefit from

the retailer’s brand image—while at the same time allowing the firm to retain control over the

design and implementation of the product presentation at the point of purchase.87

The store-within-a-store concept can take hold through actual leasing arrangements or less

formal arrangements where branded mini-stores are used. For retailers, these arrangements help

drive foot traffic and acquire new capabilities quickly. For smaller brands, like Murray’s Cheese

Shop, which has an arrangement with Kroger, they allow for quick distribution growth.

Retailers are also combining with other retailers to seek similar benefits.88 Sears has partnered

with much trendier retailer Forever 21 to upgrade its image as well as established in-store

leases with Edwin Watts Golf Shops, uniform apparel seller Work N’ Gear, and Whole Foods

organic foods grocer. Macy’s has partnered with Sunglass Hut, maternity apparel brand Destination

Modernity, and UK toiletries brand Lush.

The goal in all these situations is to find “win–win” solutions that benefit channel partners

and consumers alike. In explaining the rationale of hosting beauty-products retailer Sephora in

its stores, one JCPenny’s executive noted, “Longtime Sephora fanatics come in and wind up becoming

loyal JCPenney shoppers, and vice versa.”8seohora example

Other Means. Finally, another channel option is to sell directly to consumers via phone, mail,

or electronic means. Retailers have sold their goods through catalogs for years. Many mass marketers,

especially those that also sell through their own retail stores, are increasingly using direct

selling, a long-successful strategy for brands such as Mary Kay and Avon. These vehicles not

only help sell products but also contribute to brand equity by increasing consumer awareness of

the range of products associated with a brand and increasing consumer understanding of the key

benefits of those products. Marketers can execute direct marketing efforts in many ways, such

as catalogs, videos, or physical sites, all of which are opportunities to engage in a dialogue and

establish a relationship with consumers.

Online Strategies

The advantages of having both a physical “brick and mortar” channel and a virtual, online retail

channel are becoming clearer to many firms. Integrated channels allow consumers to shop when

and how they want. Many consumers value the convenience of ordering from companies online

or over the phone and picking up the physical product at their local store rather than having it

shipped. They also want to be able to return merchandise at a store even if they originally bought

it and had it shipped outside the store.90

Many consumers also like the convenience of being able to access their online account inside

the store and use Internet kiosks to research purchase decisions in the store itself.91 The

influence of the Internet extends outside the store too. In a Forrester research report, it was estimated

that 16 percent of all store sales were influenced by consumers initially searching on the

Web outside the store.92

Integrating channels does not benefit only consumers. Figure 5-6 shows an analysis of

JCPenney’s channel mix, which reveals that its most profitable customers were those who

shopped multiple channels. Similarly, a Deloitte study revealed that multichannel shoppers spent

82 percent more in each transaction than those who shopped in only one store.93

The Boston Consulting Group concluded that multichannel retailers were able to acquire

customers at half the cost of Internet-only retailers, citing a number of advantages for the **multichannel**

**retailers**:94

• They have market clout重击with suppliers.

• They have established distribution and fulfillment systems (L.L. Bean and Land’s End).

• They can cross-sell between Web sites and stores (The Gap and Barnes & Noble).

Many of these same advantages are realized by multichannel product manufacturers.

Recognizing the power of integrated channels, many Internet-based companies are also engaging

in “physical world” activities to boost their brand. For example, Yahoo! opened a

promotional store in New York’s Rockefeller Center, and eTrade.com opened a flagship ownbrand

financial center on New York’s Madison Avenue as well as mini-centers and kiosks in

Target stores.

Summary

Channels are the means by which firms distribute their products to consumers. Channel

strategy to build brand equity includes designing and managing direct and indirect channels

to build brand awareness and improve the brand image. Direct channels can enhance

brand equity by allowing consumers to better understand the depth, breadth, and variety of

the products associated with the brand as well as any distinguishing characteristics. Indirect

channels can influence brand equity through the actions and support of intermediaries

such as retailers, and the transfer of any associations that these intermediaries might have

to the brand.

Direct and indirect channels offer varying advantages and disadvantages that marketers

must thoughtfully combine, both to sell products in the short run, and maintain and enhance

brand equity in the long run. As is often the case with branding, the key is to mix and match

channel options so that they collectively realize these goals. Thus, it is important to assess each

possible channel option in terms of its direct effect on product sales and brand equity, as well as

its indirect effect through interactions with other channel options.

REVIEW

Marketing activities and programs are the primary means that firms build brand equity.

Brand-building product, pricing, channel, and communication strategies must be put into

place. In terms of product strategies, both tangible and intangible aspects of the brand

will matter. Successful brands often create strong, favorable, and unique brand associations

to both functional and symbolic benefits. Although perceived quality is often at the

heart of brand equity, there is a wide range of associations that consumers may make to

the brand.

Marketers are personalizing their consumer interactions through **experiential and relationship**

**marketing**. **Experiential marketing** promotes a product by not only communicating

a product’s features and benefits but also connecting it with unique and interesting consumer

experiences. **Relationship marketing** includes marketing activities that deepen and broaden

the way consumers think and act toward the brand. **Mass customization**, **one-to-one**, and

**permission marketing** are all means of getting consumers more actively engaged with the

product or service. **Aftermarketing** and **loyalty programs** are also ways to help create holistic整体论的,

personalized buying experiences.

In terms of pricing strategies, marketers should fully understand consumer perceptions

of value. Increasingly, firms are adopting value-based pricing strategies to set prices and

**everyday-low-pricing** **strategies** to guide their discount pricing policy over time. **Value-based**

**pricing strategies** attempt to properly balance product design and delivery, product costs, and

product prices. Everyday-low-pricing strategies establish a stable set of “everyday” prices and

introduce price discounts very selectively.

In terms of channel strategies, marketers need to appropriately match brand and store

images to maximize the leverage of secondary associations, integrate push strategies and

shopper marketing activities for retailers with pull strategies for consumers, and consider a

range of direct and indirect distribution options.

In the next chapter, we consider how to develop integrated marketing communication programs

to build brand equity.

MGT 105 notes

11/8 Lecture 12

7-point brand audit:

1. Logo

2. Brand colors

3. Fonts and typography

4. Photos, videos, imagery

5. Brand personality

6. Overall look and feel

7. Brand positioning

Ch.8 Developing a brand equity measurement and management system

**Lecture note**:

The new accountability

-    Conducting brand audits

-    Brand inventory

-       Brand exploratory

-    Brand positioning and the supporting marketing program

Conducting brand audits

-    Brand audit: comprehensive examination of a brand to discover its sources of brand equity

-    Marketing audit: independent examination of a company’s marketing environment, objectives, strategies, and activities.

n   Agreement on objectives, scope, and approach

n   Data collection

n   Report preparation and presentation

Brand exploratory

-    Preliminary初步的 activities

-    Interpreting qualitative research

-    Conducting quantitative research (phone calls, interview…)

Brand positioning and the supporting marketing program

**Ideal brand positioning** aims to achieve congruence一致 between:

-    What consumers currently believe about the brand

-    What consumers will value in the brand

-    What the firm is currently saying about the brand

-    Where the firm would like to take the brand

Designing brand tracking studies

What to track: product-brand tracking; corporate or family brand tracking; global tracking

How to conduct tracking studies: whom to track; when and where to track

How to interpret tracking studies: important benchmarks标准; brand associations determining consumer behavior

To sum up…

-    The company view of brand equity should be formalized into a document.

-    The results of the tracking surveys should be assembled into a brand equity report

-    Senior management must be assigned to oversee brand equity within the organization.

**Brand Charter**

The first step in establishing a **brand equity management system** is to formalize the company view of brand equity into a document, the brand charter, or brand bible as it is sometimes called, that provides relevant guidelines to marketing managers within the company as well as to key marketing partners outside the company such as marketing research suppliers or ad agency staff. This document should crisply and concisely do the following:

• Define the firm’s view of branding and brand equity and explain why it is important.

• Describe the scope of key brands in terms of associated products and the manner by which they have been branded and marketed (as revealed by historical company records as well as the most recent brand audit).

• Specify what the actual and desired equity is for brands at all relevant levels of the brand hierarchy, for example, at both the corporate and the individual product level. The charter should define and clarify points-of-parity, points-of-difference, and the brand mantra.

• Explain how brand equity is measured in terms of the tracking study and the resulting brand

equity report (described shortly).

• Suggest how marketers should manage brands with some general strategic guidelines,

stressing clarity, consistency, and innovation in marketing thinking over time.

• Outline how to devise marketing programs along specific tactical guidelines, satisfying differentiation, relevance, integration, value, and excellence criteria. Guidelines for specific brand management tasks such as ad campaign evaluation and brand name selection may also be offered.

• Specify the proper treatment of the brand in terms of trademark usage, design considerations, packaging, and communications. As these types of instructions can be long and detailed,

it is often better to create a separate Brand or Corporate Identity Style Manual or

guide to address these more mechanical considerations.

Brand Equity responsibilities

-    Overseeing brand equity

-    Organizational design and structure

-    Managing marketing partners

Brands have the power to change the world

1. Financial analysis

2. Role of brand

3. Brand strength

What is a focus group?

-    A small group of people gathered to discuss their perception, attitudes, beliefs, and opinions about a topic.

-    Created by Robert K. Merton to measure the popularity of radio programs for advertisers.

Focus groups are one way to find out if…

Your list of domains really reflects what is on people’s mind.

You have missed any important domains

You have missed any specific aspects of a domain

You understand how people put the facts together (how they think things work)

Two main reasons to have focus groups

1. Get the concepts & ideas right; Learn what people care about and how they think

2. Pre-test your interview or questions; Learn whether you are asking what you think you are, is the language right? Etc.

Use qualitative when:

-    Develop hypothesis

-    Understand feelings

-    Identify needs

-    Generate ideas

-    Capture language

-    Uncover how people perceive a marketing message.

Use quantitative when:

-    Measure awareness

-    Offer statistical validation

-    Determine most desirable product concept

-    Determine most effective price point

Chapter 8 接上 lecture note

8 book note

Virtually every marketing dollar spent today must be justified as both effective and efficient

in terms of return of marketing investment (ROMI). This increased accountability has forced

marketers to address tough challenges and develop new measurement approaches.

A **marketing audit** is a “comprehensive,

systematic, independent, and periodic examination of a company’s—or business unit’s—

marketing environment, objectives, strategies, and activities with a view of determining problem

areas and opportunities and recommending a plan of action to improve the company’s marketing

performance.”4  The process is a three-step procedure in which the first step is agreement on objectives,

scope, and approach; the second is data collection; and the third and final step is report

preparation and presentation. This is an internally, company-focused exercise to make sure marketing

operations are efficient and effective.

A **brand audit**, on the other hand, is a more externally, consumer-focused exercise to assess

the health of the brand, uncover its sources of brand equity, and suggest ways to improve and

leverage its equity. A **brand audit** requires understanding the sources of brand equity from the

perspective of both the fi rm and the consumer. From the perspective of the fi rm, what products

and services are currently being offered to consumers, and how they are being marketed and

branded? From the perspective of the consumer, what deeply held perceptions and beliefs create

the true meaning of brands and products?

The brand audit can set strategic direction for the brand, and management should conduct

one whenever important shifts in strategic direction are likely.5  Are the current sources of brand

equity satisfactory? Do certain brand associations need to be added, subtracted, or just strengthened?

What brand opportunities exist and what potential challenges exist for brand equity? With

answers to these questions, management can put a marketing program into place to maximize

sales and long-term brand equity.

Conducting brand audits on a regular basis, such as during the annual planning cycle, allows

marketers to keep their fingers on the pulse of their brands. Brand audits are thus particularly

useful background for managers as they set up their marketing plans and can have profound implications

on brands’ strategic direction and resulting performance.

The purpose of the **brand inventory** is to provide a current, comprehensive profile of how all

the products and services sold by a company are marketed and branded. Profiling each product

or service requires marketers to catalogue the following in both visual and written form

for each product or service sold: the names, logos, symbols, characters, packaging, slogans,

or other trademarks used; the inherent product attributes or characteristics of the brand; the

pricing, communications, and distribution policies; and any other relevant marketing activity

related to the brand. First, it helps to suggest what consumers’ current perceptions may be based on.

it can supply some useful analysis too, and initial insights into how brand equity may be better managed.

A thorough brand inventory should be able to reveal the extent of brand consistency. a brand inventory can reveal a lack of perceived differences among different products sharing the brand name

Thus, the second step of the brand audit is to provide detailed information about what consumers actually think of the brand by means of the **brand exploratory(品牌预测)**. The brand exploratory is research directed to understanding what consumers think and feel about the brand and act toward it in order to better

understand sources of brand equity as well as any possible barriers. (Several preliminary activities are useful for the brand exploratory.) The brand exploratory should uncover the current knowledge structures for the core brand and its competitors, as well as determining the desired brand awareness and brand image and points-of parity and points-of-difference.

Interpreting Qualitative Research--**Summary of Qualitative Techniques:**

Free association

Adjective ratings and checklists

Confessional interviews

Projective techniques

Photo sorts

Archetypal research

Bubble drawings

Store telling

Personification exercises

Role playing

Metaphor elicitation\*

Day/Behavior reconstruction

Photo/Written journal

Participatory design

Consumer-led problem solving

Real-life experimenting

Collaging and drawing

Consumer shadowing

Consumer–product interaction

Video observation

Criteria： Levy identifies three criteria by which we can classify and judge any qualitative research

technique: direction, depth, and diversity.

According to Levy, the more specific the question, the narrower the range of information

given by the respondent. qualitative research conducted as part of the brand exploratory should vary in direction and depth as well as in technique.

**Mental Maps and Core Brand Associations：**

One useful outcome of qualitative research is a mental map. A mental map accurately portrays in detail all salient brand associations and responses for a particular target market. One of the simplest means to get consumers to create a mental map is to ask them for their top-of-mind **brand associations（品牌联想）**

The **brand resonance（品牌共鸣）** pyramid from Chapter 3 helps to highlight some of the types of associations and responses that may emerge from the creation of a mental map.

It is sometimes useful to group brand associations into related categories with descriptive

labels. **Core brand associations** are those abstract associations联想 (attributes and benefits)

that characterize the 5–10 most important aspects or dimensions of a brand.

**Classic MTV Mental Map:**

**Possible MTV Core Brand Associations:**

Music

What’s hot and what’s new

Credibility

Expert, trusting,

reality

Personality

Irreverent, hip, cool

Accessibility

Relevant, for

everyone

Interactivity

Connected and

participatory

Community

Shared experience

(literally and talk value)

Modern

Hip, cool

Spontaneity

Up-to the-minute,

immediate

Originality

Genuine, creative

Fluidity

Always changing and evolving

Brand Positioning and the Supporting Marketing Program:

Moving from the current brand image to the desired brand image typically means adding new associations, strengthening existing ones, or weakening or eliminating

John Roberts, one of Australia’s top marketing academics, sees the challenge in achieving

the ideal positioning for a brand as being able to achieve congruence among four key considerations:

(1) what customers currently believe about the brand (and thus find credible), (2) what

customers will value in the brand, (3) what the firm is currently saying about the brand, and

(4) where the firm would like to take the brand.

**John Roberts’s Brand Positioning Considerations:**

**Brand tracking studies** collect information from consumers on a routine basis over time,

usually through quantitative measures of brand performance on a number of key dimensions that

marketers can identify in the brand audit or other means. They apply components from the brand

value chain to better understand where, how much, and in what ways brand value is being created,

offering invaluable information about how well the brand has achieved its positioning. Tracking studies thus play an important role by providing consistent baseline information to

facilitate day-to-day decision making. A good tracking system can help marketers better understand

a host of important considerations such as category dynamics, consumer behavior, competitive

vulnerabilities and opportunities, and marketing effectiveness and efficiency.

What to Track:

Product–Brand Tracking. Tracking an individual branded product requires measuring brand

awareness and image, using both recall and recognition measures and moving from more general

to more specific questions. Thus, it may make sense to first ask consumers what brands

come to mind in certain situations, to next ask for recall of brands on the basis of various product

category cues, and to then finish with tests of brand recognition (if necessary).

How to Conduct Tracking Studies:

Which elements of the brand should you use in tracking studies? In general, marketers use the

brand name, but it may also make sense to use a logo or symbol in probing brand structures, especially

if these elements can play a visible and important role in the decision process.

You also need to decide whom to track, as well as when and where to track.

Whom to Track. Tracking often concentrates on current customers, but it can also be rewarding to monitor nonusers of the brand or even of the product category as a whole, for example, to

suggest potential segmentation strategies. Marketers can track those customers loyal to the brand

against those loyal to other brands, or against those who switch brands. Among current customers,

marketers can distinguish between heavy and light users of the brand. Dividing up the

market typically requires different questionnaires (or at least sections of a basic questionnaire) to

better capture the specific issues of each segment. It’s often useful to closely track other types of customers, too, such as channel members and other intermediaries.

When and Where to Track. How often should you collect tracking information? One useful approach

for monitoring brand associations is continuous tracking studies, which collect information from

consumers continually over time. The advantage of continuous tracking is that it smoothes out aberrations

or unusual marketing activities or events like a high profile new digital campaign or an unlikely

occurrence in the marketing environment to provide a more representative set of baseline measures.

The frequency of such tracking studies, in general, depends on the frequency of product purchase

(marketers typically track durable goods less frequently because they are purchased less often), and on the consumer behavior and marketing activity in the product category.

**Brand Context Measures:**

Economic Indicators

Gross domestic product

Interest rates

Unemployment

Average wage

Disposable income

Home ownership and

housing debt

Exchange rates, share markets,

and balance of payments

Retail

Total spent in supermarkets

Change year to year

Growth in house brand

Technology

Computer at home

DVR

Access to and use of Internet

Phones

PDA

Microwaves

Television

Personal Attitudes and Values

Confidence

Security

Family

Environment

Traditional values

Foreigners vs. sovereignty

Media Indicators

Media consumption: total time

spent watching TV, consuming

other media

Advertising expenditure: total, by

media and by product category

Demographic Profile

Population profile: age, sex, income,

household size

Geographic distribution

Ethnic and cultural profile

Other Products and Services

Transport: own car—how many

Best description of car

Motorbike

Home ownership or renting

Domestic trips overnight in last year

International trips in last two years

Attitude to Brands and Shopping

Buy on price

Like to buy new things

Country of origin or manufacture

Prefer to buy things that have been

advertised

Importance of familiar brands

ESTABLISHING A BRAND EQUITY MANAGEMENT SYSTEM:

Brand tracking studies, as well as brand audits, can provide a huge reservoir of information about

how best to build and measure brand equity? To get the most value from these research efforts,

firms need proper internal structures and procedures to capitalize on the usefulness of the brand equity

concept and the information they collect about it.

Step one: **brand charter**:

The first step in establishing a brand equity management system is to formalize the company

view of brand equity into a document, the brand charter, or brand bible as it is sometimes

called, that provides relevant guidelines to marketing managers within the company as well as to

key marketing partners outside the company such as marketing research suppliers or ad agency

staff. This document should crisply and concisely do the following:

• Define the firm’s view of branding and brand equity and explain why it is important.

• Describe the scope of key brands in terms of associated products and the manner by which

they have been branded and marketed (as revealed by historical company records as well as

the most recent brand audit).

• Specify what the actual and desired equity is for brands at all relevant levels of the brand

hierarchy, for example, at both the corporate and the individual product level (as outlined

in Chapter 11). The charter should define and clarify points-of-parity, points-of-difference,

and the brand mantra.

• Explain how brand equity is measured in terms of the tracking study and the resulting brand

equity report (described shortly).

• Suggest how marketers should manage brands with some general strategic guidelines,

stressing clarity, consistency, and innovation in marketing thinking over time.

• Outline how to devise marketing programs along specific tactical guidelines, satisfying differentiation,

relevance, integration, value, and excellence criteria. Guidelines for specific

brand management tasks such as ad campaign evaluation and brand name selection may

also be offered.

• Specify the proper treatment of the brand in terms of trademark usage, design considerations,

packaging, and communications. As these types of instructions can be long and detailed,

it is often better to create a separate Brand or Corporate Identity Style Manual or

guide to address these more mechanical considerations.

Second step: **brand equity report**:

The second step in establishing a successful brand equity management system is to assemble the

results of the tracking survey and other relevant performance measures for the brand into a brand

equity report or scorecard to be distributed to management on a regular basis (weekly, monthly,

quarterly, or annually). Much of the information relevant to the report may already exist within

the organization. Yet it may have been presented to management in disjointed chunks so that no

one has a holistic understanding of it. The brand equity report attempts to effectively integrate

all these different measures.14

Contents. The brand equity report should describe what is happening with the brand as well

as why it is happening. It should include all relevant internal measures of operational efficiency

and effectiveness and external measures of brand performance and sources and outcomes of

brand equity.15

In particular, one section of the report should summarize consumers’ perceptions of key

attribute or benefit associations, preferences, and reported behavior as revealed by the tracking

study. Another section of the report should include more descriptive market-level information

such as the following:

• Product shipments and movement through channels of distribution

• Retail category trends

• Relevant cost breakdowns

• Price and discount schedules where appropriate

• Sales and market share information broken down by relevant factors (such as geographic

region, type of retail account, or customer)

• Profit assessments

A number of firms have implemented marketing dashboards to provide comprehensive

but actionable summaries of brand-related information. A marketing dashboard functions just

like the dashboard of a car. Although they can be valuable tools for companies, if not designed

and implemented properly dashboards also can be a big waste of time and money. An early

leader on the subject, Pat LaPointe has identified four success factors in developing a successful

dashboard:18

1.  Senior-level executives must devote the necessary resources to its development and stay

actively involved—delegating the task to lower levels of the organization rarely pays off.

2.  The investment in resources doesn’t stop with launch. Additional resources are required to

gather, align, and properly interpret the right information.

3.  Graphics and analytics matter. Excel may be cheap and easy to use, but it can also constrain

thinking.

4.  Executives should focus on what can be measured today but also learn more about how to

improve the dashboard in the future.

Brand Equity Responsibilities:

To develop a brand equity management system that will maximize long-term brand equity, managers

must clearly define organizational responsibilities and processes with respect to the brand.

Brands need constant, consistent nurturing to grow. Weak brands often suffer from a lack of

discipline, commitment, and investment in brand building.

Overseeing Brand Equity. To provide central coordination, the firm should establish a position

responsible for overseeing the implementation of the brand charter and brand equity reports,

to ensure that product and marketing actions across divisions and geographic boundaries reflect

their spirit as closely as possible and maximize the long-term equity of the brand. A natural

place to house such oversight duties and responsibilities is in a corporate marketing group that

has a senior management reporting relationship?

Scott Bedbury, who helped direct the Nike and Starbucks brands during some of their most

successful years, is emphatic about the need for “top-down brand leadership.”23 He advocates the

addition of a chief brand officer (CBO) who reports directly to the CEO of the company and who:

• Is an omnipresent conscience whose job is to champion and protect the brand—the way

it looks and feels—both inside and outside the company. The CBO recognizes that the

brand is the sum total of everything a company does and strives to ensure that all employees

understand the brand and its values, creating “brand disciples” in the process.

• Is an architect and not only helps build the brand but also plans, anticipates, researches,

probes, listens, and informs. Working with senior leadership, the CBO helps

envision not just what works best for the brand today but also what can help drive it

forward in the future.

• Determines and protects the voice of the brand over time by taking a long-term (two to

three years) perspective. The CBO can be accountable for brand-critical and corporatewide

activities such as advertising, positioning, corporate design, corporate communications,

and consumer or market insights.

Bedbury also advocates periodic brand development reviews (full-day meetings quarterly,

or even half-day meetings monthly) for brands in difficult circumstances. As part of a brand development

review, he suggests the following topics and activities:

• Review brand-sensitive material: For example, review brand strength monitors or tracking

studies, brand audits, and focus groups, as well as less formal personal observations or

“gut feelings.”

• Review the status of key brand initiatives: Because brand initiatives include strategic thrusts to

either strengthen a weakness in the brand or exploit an opportunity to grow the brand in a new

direction, customer perceptions may change and marketers therefore need to assess them.

• Review brand-sensitive projects: For example, evaluate advertising campaigns, corporate

communications, sales meeting agendas, and important human resources programs (recruitment,

training, and retention that profoundly affect the organization’s ability to embrace and

project brand values).

• Review new product and distribution strategies with respect to core brand values: For example,

evaluate licensing the brand to penetrate new markets, forming joint ventures to develop

new products or brands, and expanding distribution to nontraditional platforms such

as large-scale discount retailers.

• Resolve brand positioning conflicts: Identify and resolve any inconsistencies in positioning

across channels, business units, or markets.

Organizational Design and Structures. The firm should organize its marketing function

to optimize brand equity. Several trends have emerged in organizational design and structure

that reflect the growing recognition of the importance of the brand and the challenges of

managing brand equity carefully.

Managing Marketing Partners. Because the performance of a brand also depends on the

actions taken by outside suppliers and marketing partners, firms must manage these relationships

carefully. Increasingly, firms have been consolidating their marketing partnerships and reducing

the number of their outside suppliers.

REVIEW

**A brand equity measurement system** is defined as a set of research procedures designed to

provide timely, accurate, and actionable information for marketers regarding brands so that

they can make the best possible tactical decisions in the short run as well as strategic decisions

in the long run. Implementing a brand equity measurement system involves two steps:

conducting brand audits, designing brand tracking studies, and establishing a brand equity

management system.

**A brand audit** is a consumer-focused exercise to assess the health of the brand, uncover its

sources of brand equity, and suggest ways to improve and leverage its equity. It requires understanding

brand equity from the perspective of both the firm and the consumer. The brand audit

consists of two steps: the brand inventory and the brand exploratory.

**The purpose of the brand inventory** is to provide a complete, up-to-date profile of how all

the products and services sold by a company are marketed and branded. Profiling each product

or service requires us to identify the associated brand elements as well as the supporting marketing

program. The brand exploratory is research activity directed to understanding what consumers

think and feel about the brand to identify sources of brand equity.

**Brand audits** can be used to set the strategic direction for the brand. As a result of this strategic

analysis, a marketing program can be put into place to maximize long-term brand equity.

**Tracking studies** employing quantitative measures can then be conducted to provide marketers

with current information as to how their brands are performing on the basis of a number of key

dimensions identified by the brand audit.

Tracking studies involve information collected from consumers on a routine basis over

time and provide valuable tactical insights into the short-term effectiveness of marketing programs

and activities. Whereas brand audits measure “where the brand has been,” tracking

studies measure “where the brand is now” and whether marketing programs are having their

intended effects.

**Three major steps must occur as part of a brand equity management system.** First, the company

view of brand equity should be formalized into a document, the **brand charter**. This document

serves a number of purposes: It chronicles the company’s general philosophy with respect

to brand equity; summarizes the activity and outcomes related to brand audits, brand tracking,

and so forth; outlines guidelines for brand strategies and tactics; and documents proper treatment

of the brand. The charter should be updated annually to identify new opportunities and

risks and to fully reflect information gathered by the brand inventory and brand exploratory as

part of any brand audits.

Second, the results of the tracking surveys and other relevant outcome measures should

be assembled into a **brand equity report** that is distributed to management on a regular basis

(monthly, quarterly, or annually). The brand equity report should provide descriptive

information as to what is happening to a brand as well as diagnostic information as to why

it is happening. These reports are often being displayed in marketing dashboards for ease

of review.

Finally, senior management must be assigned to **oversee** how brand equity is treated within

the organization. The people in that position would be responsible for overseeing the implementation

of the brand charter and brand equity reports to make sure that, as much as possible,

product and marketing actions across divisions and geographic boundaries are performed in a

way that reflects the spirit of the charter and the substance of the report so as to maximize the

long-term equity of the brand.

Chapter 6

Integrating Marketing Communications to

Build Brand Equity

**Marketing Communications Options:**

Media advertising

TV

Radio

Newspaper

Magazines

Direct response advertising

Mail

Telephone

Broadcast media

Print media

Computer-related

Media-related

Place advertising

Billboards and posters

Movies, airlines, and lounges

Product placement

Point of purchase

Point-of-purchase advertising

Shelf talkers

Aisle markers

Shopping cart ads

In-store radio or TV

Trade promotions

Trade deals and buying allowances

Point-of-purchase display allowances

Push money

Contests and dealer incentives

Training programs

Trade shows

Cooperative advertising

Consumer promotions

Samples

Coupons

Premiums

Refunds and rebates

Contests and sweepstakes

Bonus packs

Price-offs

Interactive

Web sites

E-mails

Banner ads

Rich media ads

Search

Videos

Message boards and forums

Chat rooms

Blogs

Facebook

Twitter

YouTube

Event marketing and sponsorship

Sports

Arts

Entertainment

Fairs and festivals

Cause-related

Mobile

SMS & MMS messages

Ads

Location-based services

Publicity and public relations

Word-of-mouth

Personal selling

THE NEW MEDIA ENVIRONMENT

Although advertising and other communication options can play different roles in the marketing

program, one important purpose they all serve is to contribute to brand equity. According to the

customer-based brand equity model, marketing communications can contribute to brand equity in a

number of different ways: by creating awareness of the brand; linking points-of-parity and pointsof-

difference associations to the brand in consumers’ memory; eliciting positive brand judgments

or feelings; and facilitating a stronger consumer–brand connection and brand resonance. In addition

to forming the desired brand knowledge structures, marketing communication programs can

provide incentives eliciting the differential response that makes up customer-based brand equity.

The flexibility of marketing communications comes in part from the number of different

ways they can contribute to brand equity. At the same time, brand equity helps marketers

determine how to design and implement different marketing communication options. In this

chapter, we consider how to develop marketing communication programs to build brand equity.

We will assume the other elements of the marketing program have been properly put into

place. Thus, the optimal brand positioning has been defined—especially in terms of the desired

target market—and product, pricing, distribution, and other marketing program decisions have

largely been made.

Complicating the picture for marketing communications programs, however, is that fact

that the media environment has changed dramatically in recent years. Traditional advertising

media such as TV, radio, magazines, and newspapers seem to be losing their grip

on consumers due to increased competition for consumer attention. The digital revolution

offers a host of new ways for consumers to learn and talk about brands with companies or

with each other.

This changing media landscape has forced marketers to reevaluate how they should best

communicate with consumers.2 Consider how Hyundai defied convention in launching its latest

models and strengthened its brand and generated customer loyalty by integrating social media.

Challenges in Designing Brand-Building Communications

The new media environment has further complicated marketers’ perennial challenge to build effective

and efficient marketing communication programs. The Hyundai example illustrates the creativity and

scope of what will characterize successful twenty-first century marketing communication programs.

Skillfully designed and implemented marketing communications programs require careful planning

and a creative knack. Let’s first consider a few useful tools to provide some perspective.

Perhaps the simplest—but most useful—way to judge any communication option is by

its ability to contribute to brand equity

**Simple Test for Marketing Communication Effectiveness：**

**1.      current brand knowledge----------3.communication-----------2.desired brand knowledge**

1. What is your current brand knowledge? Have you created a detailed

mental map?

2. What is your desired brand knowledge? Have you defined optimal points of-parity and points-of-difference and a brand mantra?

3. How does the communication option help the brand get from current to desired knowledge with consumers? Have you clarified the specific effects? on knowledge engendered by communications?

Information Processing Model of Communications. To provide some perspective, let’s

consider in more depth the process by which marketing communications might affect consumers.

A number of different models have been put forth over the years to explain communications

and the steps in the persuasion process—recall the discussion on the hierarchy of effects model

from Brand Focus 2.0. For example, for a person to be persuaded by any form of communication

(a TV advertisement, newspaper editorial, or blog posting), the following six steps must occur:4

1. Exposure: A person must see or hear the communication.

2. Attention: A person must notice the communication.

3. Comprehension: A person must understand the intended message or arguments of the

communication.

4. Yielding: A person must respond favorably to the intended message or arguments of the

communication.

5. Intentions: A person must plan to act in the desired manner of the communication.

6. Behavior: A person must actually act in the desired manner of the communication.

You can appreciate the challenge of creating a successful marketing communication program

when you realize that each of the six steps must occur for a consumer to be persuaded. If

there is a breakdown or failure in any step along the way, then successful communication will

not result. For example, consider the potential pitfalls in launching a new advertising campaign:

1.  A consumer may not be exposed to an ad because the media plan missed the mark.

2.  A consumer may not notice an ad because of a boring and uninspired creative strategy.

3.  A consumer may not understand an ad because of a lack of product category knowledge or

technical sophistication, or because of a lack of awareness and familiarity about the brand

itself.

4.  A consumer may fail to respond favorably and form a positive attitude because of irrelevant

or unconvincing product claims.

5.  A consumer may fail to form a purchase intention because of a lack of an immediate perceived

need.

6.  A consumer may fail to actually buy the product because he or she doesn’t remember anything

from the ad when confronted with the available brands in the store.

One implication of the information processing model is that to increase the odds for a successful

marketing communications campaign, marketers must attempt to increase the likelihood

that each step occurs. For example, from an advertising standpoint, the ideal ad campaign would

ensure that:

1.  The right consumer is exposed to the right message at the right place and at the right time.

2.  The creative strategy for the advertising causes the consumer to notice and attend to the ad

but does not distract from the intended message.

3.  The ad properly reflects the consumer’s level of understanding about the product and the

brand.

4.  The ad correctly positions the brand in terms of desirable and deliverable points-of-difference

and points-of-parity.

5.  The ad motivates consumers to consider purchase of the brand.

6.  The ad creates strong brand associations to all these stored communication effects so that

they can have an effect when consumers are considering making a purchase.

Clearly, marketers need to design and execute marketing communication programs carefully

if they are to have the desired effects on consumers.

Role of Multiple Communications

How much and what kinds of marketing communications are necessary? Economic theory suggests

placing dollars into a marketing communication budget and across communication options

according to marginal revenue and cost. For example, the communication mix would be optimally

distributed when the last dollar spent on each communication option generated the same return.

Because such information may be difficult to obtain, however, other models of budget allocation

emphasize more observable factors such as stage of brand life cycle, objectives and budget

of the firm, product characteristics, size of budget, and media strategy of competitors. These

factors are typically contrasted with the different characteristics of the media.

For example, marketing communication budgets tend to be higher when there is low channel

support, much change in the marketing program over time, many hard-to-reach customers,

more complex customer decision making, differentiated products and nonhomogeneous customer

needs, and frequent product purchases in small quantities.5

Besides these efficiency considerations, different communication options also may target

different market segments. For example, advertising may attempt to bring new customers into

the market or attract competitors’ customers to the brand, whereas promotions might attempt to

reward loyal users of the brand.

Invariably, marketers will employ multiple communications to achieve their goals. In doing

so, they must understand how each communication option works and how to assemble and

integrate the best set of choices. The following section presents an overview and critique of four

major marketing communication options from a brand-building perspective.

FOUR MAJOR MARKETING COMMUNICATION OPTIONS

Our contention is that in the future there will be four vital ingredients to the best brand-building

communication programs: **(1) advertising and promotion, (2) interactive marketing, (3) events**

**and experiences, and (4) mobile marketing. We consider each in turn.**

Advertising

Advertising is any paid form of nonpersonal presentation and promotion of ideas, goods, or

services by an identified sponsor. Although it is a powerful means of creating strong, favorable,

and unique brand associations and eliciting positive judgments and feelings, advertising is controversial

because its specific effects are often difficult to quantify and predict. Nevertheless, a

number of studies using very different approaches have shown the potential power of advertising

on brand sales. As Chapter 1 noted, the latest recession provided numerous examples of brands

benefiting from increased advertising expenditures. A number of prior research studies are consistent

with that view.6

Given the complexity of designing advertising—the number of strategic roles it might play,

the sheer number of specific decisions to make, and its complicated effect on consumers—it is

difficult to provide a comprehensive set of detailed managerial guidelines. Different advertising

media clearly have different strengths, however, and therefore are best suited to play certain roles

in a communication program. Brand Focus 6.0 provides some empirical generalizations about

advertising. Now we’ll highlight some key issues about each type of advertising medium in turn.

Television. Television is a powerful advertising medium because it allows for sight, sound,

and motion and reaches a broad spectrum of consumers. Virtually all U.S. households have televisions,

and the average hours viewed per person per week in the United States in 2010 was

34 hours, an all-time high.7  The wide reach of TV advertising translates to low cost per exposure.

Pros & Cons.  From a brand equity perspective, TV advertising has two particularly important

strengths. First, it can be an effective means of vividly demonstrating product attributes and

persuasively explaining their corresponding consumer benefits. Second, TV advertising can be a

compelling means for dramatically portraying user and usage imagery, brand personality, emotions,

and other brand intangibles.

On the other hand, television advertising has its drawbacks. Because of the fleeting nature

of the message and the potentially distracting creative elements often found in a TV ad, consumers

can overlook product-related messages and the brand itself. Moreover, the large number of

ads and nonprogramming material on television creates clutter that makes it easy for consumers

to ignore or forget ads. The large number of channels creates fragmentation, and the widespread

existence of digital video recorders gives viewers the means to skip commercials.

Another important disadvantage of TV ads is the high cost of production and placement.

In 2010, for example, a 30-second spot to air during the popular American Idol on FOX ran

between $360,000 and $490,000. A 30-second spot on even a new network show typically costs

over $100,000.8 Although the price of TV advertising has skyrocketed, the share of the prime

time audience for the major networks has steadily declined. By any number of measures, the effectiveness

of any one ad, on average, has diminished.

Nevertheless, properly designed and executed TV ads can affect sales and profits. For example,

over the years, one of the most consistently successful TV advertisers has been Apple.

The “1984” ad for the introduction of its Macintosh personal computer—portraying a stark

Orwellian future with a feature fi lm look—ran only once on TV, but is one of the best-known ads

ever. In the years that followed, Apple advertising successfully created awareness and image for

a series of products, more recently with the acclaimed “Get a Mac” global ad campaign.9

**Guidelines.** In designing and evaluating an ad campaign, marketers should distinguish the

message strategy or positioning of an ad (what the ad attempts to convey about the brand) from

its creative strategy (the way the ad expresses the brand claims). Designing effective advertising

campaigns is both an art and a science: The artistic aspects relate to the creative strategy of

the ad and its execution; the scientific aspects relate to the message strategy and the brand claim

information the ad contains. Thus, as Figure 6-3 describes, the two main concerns in devising an

advertising strategy are as follows:

• Defining the proper positioning to maximize brand equity

• Identifying the best creative strategy to communicate or convey the desired positioning

**Factors in Designing Effective Advertising Campaigns：**

DEFINE POSITIONING TO ESTABLISH BRAND EQUITY

Competitive frame of reference

Nature of competition

Target market

Point-of-parity attributes or benefits

Category

Competitive

Correlational

Point-of-difference attributes or benefits

Desirable

Deliverable

Differentiating

IDENTIFY CREATIVE STRATEGY TO COMMUNICATE POSITIONING CONCEPT

Informational (benefit elaboration)

Problem–solution

Demonstration

Product comparison

Testimonial (celebrity or unknown consumer)

Transformational (imagery portrayal)

Typical or aspirational usage situation

Typical or aspirational user of product

Brand personality and values

Motivational (“borrowed interest” techniques)

Humor

Warmth

Sex appeal

Music

Fear

Special effects

Chapter 3 described a number of issues with respect to positioning strategies to maximize

brand equity. Creative strategies tend to be either largely informational , elaborating on a specific

product-related attribute or benefit, or largely transformational , portraying a specific

non-product-related benefi t or image.10  These two general categories each encompass several

different specifi c creative approaches.

Regardless of which general creative approach marketers take, however, certain motivational

or “borrowed interest” devices can attract consumers’ attention and raise their

involvement with an ad. These devices include cute babies, frisky puppies, popular music,

well-liked celebrities, amusing situations, provocative sex appeals, and fear-inducing

threats. Many believe such techniques are necessary in the tough new media environment

characterized by low-involvement consumer processing and much competing ad and programming

clutter.

Unfortunately, these attention-getting tactics are often too  effective and distract from the brand

or its product claims. Thus, the challenge in arriving at the best creative strategy is fi guring out how

to break through the clutter to attract the attention of consumers by offering a creative, consistent,

and unique message. Etisalat’s “More to Life” campaign in Egypt presents an exemplary case.

Radio. Radio is a pervasive medium: 93 percent of all U.S. consumers 12 years and older

listen to the radio daily and, on average, for over 15 hours a week, although often only in

the background.16 Perhaps the main advantage to radio is flexibility—stations are highly targeted,

ads are relatively inexpensive to produce and place, and short closings allow for quick

responses.

Radio is a particularly effective medium in the morning and can effectively complement or

reinforce TV ads. Radio also enables companies to achieve a balance between broad and localized

market coverage. Obvious disadvantages of radio, however, are the lack of visual image and

the relatively passive nature of consumer processing that results. Several brands, however, have

effectively built brand equity with radio ads.

What makes an effective radio ad?18  Radio has been less studied than other media. Because of

its low-involvement nature and limited sensory options, advertising on radio often must be fairly

focused. For example, the advertising pioneer David Ogilvy believed four factors were critical:19

1.  Identify your brand early in the commercial.

2.  Identify it often.

3.  Promise the listener a benefi t early in the commercial.

4.  Repeat it often.

Nevertheless, radio ads can be extremely creative. Some see the lack of visual images as a

plus because they feel the clever use of music, sounds, humor, and other creative devices can tap

into the listener’s imagination in a way that creates powerfully relevant and liked images.

Print.  Print media has taken a huge hit in recent years as more and more consumers choose to

collect information and seek entertainment online. In response, publishers are doing their own

digital innovation in the form of iPad apps and a stronger Web presence.

Print media does offer a stark contrast to broadcast media. Most importantly, because they

are self-paced, magazines and newspapers can provide detailed product information. At the same

time, the static nature of the visual images in print media makes it diffi cult to provide dynamic

presentations or demonstrations. Another disadvantage of print advertising is that it can be a

fairly passive medium.

Pros & Cons.  The two main print media—magazines and newspapers—have many of the

same advantages and disadvantages. Magazines are particularly effective at building user and

usage imagery. They can also be highly engaging: one study showed that consumers are more

likely to view magazine ads as less intrusive, more truthful, and more relevant than ads in other

media and are less likely to multitask while reading.20

Direct Response. In contrast to advertising in traditional broadcast and print media,

which typically communicates to consumers in a nonspecific and nondirective manner,

direct response uses mail, telephone, Internet, and other contact tools to communicate with

or solicit a response from specific customers and prospects. Direct response can take many

forms and is not restricted to solicitations by mail, telephone, or even within traditional

broadcast and print media.

Guidelines. The steady growth of direct marketing in recent years is a function of technological

advances like the ease of setting up toll-free numbers and Web sites; changes in consumer

behavior, such as the increased demand for convenience; and the needs of marketers, who want

to avoid wasteful communications to nontarget customers or customer groups. The advantage of

direct response is that it makes it easier for marketers to establish relationships with consumers.

Direct communications through electronic or physical newsletters, catalogs, and so forth

allow marketers to explain new developments with their brands to consumers on an ongoing

basis as well as allow consumers to provide feedback to marketers about their likes and dislikes

and specific needs and wants. By learning more about customers, marketers can finetune

marketing programs to offer the right products to the right customers at the right time. In

fact, direct marketing is often seen as a key component of relationship marketing—an important

marketing trend we reviewed in Chapter 5. Some direct marketers employ what they call

**precision marketing精准营销**—combining data analytics with strategic messages and compelling colors

and designs in their communications.27

As the name suggests, the goal of direct response is to elicit some type of behavior from

consumers; given that, it is easy to measure the effects of direct marketing efforts—people

either respond or they do not. The disadvantages to direct response, however, are intrusiveness

and clutter. To implement an effective direct marketing program, marketers need the three critical

ingredients of (1) developing an up-to-date and informative list of current and potential

future customers, (2) putting forth the right offer in the right manner, and (3) tracking the

effectiveness of the marketing program. To improve the effectiveness of direct marketing programs,

many marketers are embracing database marketing, as highlighted by The Science of

Branding 6-1.

Place. The last category of advertising is also often called “nontraditional,” “alternative,” or

“support” advertising, because it has arisen in recent years as a means to complement more

traditional advertising media. Place advertising, also called out-of-home advertising, is a

broadly defined category that captures advertising outside traditional media. Increasingly, ads

and commercials are showing up in unusual spots, sometimes as parts of experiential marketing

programs.

The rationale is that because traditional advertising media—especially television

advertising—are becoming less effective, marketers are better off reaching people in other

environments, such as where they work, play, and, of course, shop. Out-of-home advertising

picked up as the economy started to pick up in 2010, when it was estimated that $6.1 billion was

spent.28  Some of the options include billboards and posters; movies, airlines, lounges, and other

places; product placement; and point-of-purchase advertising.

**Billboards and Posters.** Billboards have a long history but have been transformed over the

years and now employ colorful, digitally produced graphics, backlighting, sounds, movement, and

unusual—even three-dimensional—images to attract attention. The medium has improved in terms

of effectiveness (and measurability), technology (some billboards are now digitized), and provide a

good opportunity for companies to sync their billboard strategies with mobile advertising.

**Movies, Airlines, Lounges, and Other Places.** Increasingly, advertisers are placing traditional

TV and print ads in unconventional places. Companies such as Whittle Communication

and Turner Broadcasting have tried placing TV and commercial programming in classrooms,

airport lounges, and other public places. Airlines now offer media-sponsored audio and video

programming that accepts advertising (USA Today Sky Radio and National Geographic Explorer)

and include catalogs in seat pockets for leading mail-order companies (SkyMall magazine).

Movie theater chains such as Loews Cineplex now run 30-, 60-, or 90-second ads on

2,000-plus screens. Although the same ads that appear on TV or in magazines often appear in

these unconventional places, many advertisers believe it is important to create specially designed

ads for these out-of-home exposures to better meet consumer expectations.

Product Placement. Many major marketers pay fees of $50,000–100,000 and even higher so their

products can make cameo appearances in movies and on television, with the exact fee depending on

the amount and nature of the brand exposure. This practice got a boost in 1982 when—after Mars

declined an offer for use of its M&M’s brand—sales of Reese’s Pieces increased 65 percent after the

candy appeared prominently in the blockbuster movie E.T.: The Extraterrestrial.32

More recently, many brands such as Chase, Hilton, AT Cross, and Heineken have paid to be

featured in the popular TV series Mad Men.33 Marketers combine product placements with special

promotions to publicize a brand’s entertainment tie-ins and create “branded entertainment.”

For example, BMW complemented product placement in the James Bond film Goldeneye with

an extensive direct mail and advertising campaign to help launch its Z3 roadster.

Some firms benefit from product placement at no cost by either supplying their product

to the movie company in return for exposure or simply because of the creative demands of the

storyline. Mad Men has also prominently featured such iconic brands as Cadillac, Kodak, and

Utz potato chips for free because of plot necessities. To test the effects of product placement,

marketing research companies such as CinemaScore conduct viewer exit surveys to determine

which brands were actually noticed during movie showings.

Point of Purchase. Myriad possibilities have emerged in recent years as ways to communicate

with consumers at the point of purchase. In-store advertising includes ads on shopping carts, cart

straps, aisles, or shelves as well as promotion options such as in-store demonstrations, live sampling,

and instant coupon machines. Point-of-purchase radio provides FM-style programming and commercial

messages to thousands of food stores drugstores nationwide. Programming includes a storeselected

music format, consumer tips, and commercials. The Walmart Smart Network is beamed to

over 2,700 of the retail giant’s stores and is a mixture of information content and advertising.34

The appeal of point-of-purchase advertising lies in the fact that, as numerous studies have

shown, consumers in many product categories make the bulk of their final brand decisions in the

store. In-store media are designed to increase the number and nature of spontaneous and planned

buying decisions. One company placing ads on the entryway security panels of major retail

chains reported that the advertised brands experienced an average increase in sales of 20 percent

over the four-week period in which their ads appeared.35

**Guidelines.** Nontraditional or place media present some interesting options for marketers to

reach consumers in new ways. Ads now can appear virtually any place where consumers have a

few spare minutes or even seconds and thus enough time to notice them. The main advantage of

nontraditional media is that they can reach a very precise and captive audience in a cost-effective

and increasingly engaging manner.

Because the audience must process out-of-home ads quickly, however, the message must be

simple and direct. In fact, outdoor advertising is often called the “15-second sell.” In noting how

out-of-home aligns with twenty-fi rst century consumers, one commentator observed that with

people on-the-go and wanting content in short bursts, “Billboards are the original tweets—you

get a quick image or piece of knowledge than move on.”36  In that regard, strategically, out-ofhome

advertising is often more effective at enhancing awareness or reinforcing existing brand

associations than at creating new ones.

The challenge with nontraditional media is demonstrating their reach and effectiveness

through credible, independent research. Another danger of nontraditional media is consumer

backlash against overcommercialization. Perhaps because of the sheer pervasiveness of advertising,

however, consumers seem to be less bothered by nontraditional media now than in the past.

Consumers must be favorably affected in some way to justify the marketing expenditures for

nontraditional media, and some fi rms offering ad placement in supermarket checkout lines, fast-food

restaurants, physicians’ waiting rooms, health clubs, and truck stops have suspended business at least

in part because of lack of consumer interest. The bottom line, however, is that there will always be

room for creative means of placing the brand in front of consumers—the possibilities are endless.

Promotion

Although they do very different things, advertising and promotion often go hand-in-hand. Sales

promotions are short-term incentives to encourage trial or usage of a product or service.37 Marketers

can target sales promotions to either the trade or end consumers. Like advertising, sales promotions

come in all forms. Whereas advertising typically provides consumers a reason to buy, sales promotions

offer consumers an incentive to buy. Thus, sales promotions are designed to do the following:

• Change the behavior of the trade so that they carry the brand and actively support it

• Change the behavior of consumers so that they buy a brand for the first time, buy more of

the brand, or buy the brand earlier or more often

Analysts maintain that the use of sales promotions grew in the 1980s and 1990s for a number

of reasons. Brand management systems with quarterly evaluations were thought to encourage

short-term solutions, and an increased need for accountability seemed to favor communication

tools like promotions, whose behavioral effects are more quickly and easily observed than the

often “softer” perceptual effects of advertising. Economic forces worked against advertising effectiveness

as ad rates rose steadily despite what marketers saw as an increasingly cluttered media

environment and fragmented audience. Consumers were thought to be making more in-store

decisions, and to be less brand loyal and more immune to advertising than in the past. Many

mature brands were less easily differentiated. On top of it all, retailers became more powerful.

For all these reasons, some marketers began to see consumer and trade promotions as a

more effective means than advertising to infl uence the sales of a brand. There clearly are advantages

to sales promotions. Consumer sales promotions permit manufacturers to price discriminate

by effectively charging different prices to groups of consumers who vary in their price

sensitivity. Besides conveying a sense of urgency to consumers, carefully designed promotions

can build brand equity through information or actual product experience that helps to create

strong, favorable, and unique associations. Sales promotions can encourage the trade to maintain

full stocks and actively support the manufacturer’s merchandising efforts.

On the other hand, from a consumer behavior perspective, there are a number of disadvantages

of sales promotions, such as decreased brand loyalty and increased brand switching,

decreased quality perceptions, and increased price sensitivity. Besides inhibiting the use of

franchise-building advertising or other communications, diverting marketing funds into coupons

or other sales promotion sometimes has led to reductions in research and development budgets

and staff. Perhaps most importantly, the widespread discounting arising from trade promotions

may have led to the increased importance of price as a factor in consumer decisions, breaking

down traditional brand loyalty patterns.

Another disadvantage of sales promotions is that in some cases they may merely subsidize

buyers who would have bought the brand anyway. Interestingly, the more affluent, educated, suburban,

and ethnically Caucasian a household is, the more likely it is to use coupons, mainly because

its members are more likely to read newspapers where the vast majority of coupons appear. Sales

promotions also may just subsidize “coupon enthusiasts” who use coupons frequently and broadly

(on as many 188 items a year and up). Eighty-one percent of the products purchased using manufacturer

coupons in the fi rst half of 2009 came from just 19 percent of U.S. households. One “extreme”

couponer prides herself on the fact that she saves 40–60 percent off her weekly grocery trips and

even hosts a blog (www.MoneyWiseMoms.com) to share her couponing tips.38

Another drawback to sales promotions is that new consumers attracted to the brand may attribute

their purchase to the promotion and not to the merits of the brand per se and, as a result,

may not repeat their purchase when the promotional offer is withdrawn. Finally, retailers have

come to expect and now demand trade discounts. The trade may not actually provide the agreedupon

merchandising and take advantage of promotions by engaging in nonproductive activities

such as forward buying (stocking up for when the promotion ends) and diversion (shipping

products to areas where the promotion was not intended to go).39

Promotions have a number of possible objectives.40  With consumers, objectives may target

new category users, existing category users, and/or existing brand users. With the trade, objectives

may center on distribution, support, inventories, or goodwill. Next, we consider some specifi c

issues related to consumer and trade promotions.

Consumer Promotions. Consumer promotions are designed to change the choices, quantity,

or timing of consumers’ product purchases. Although they come in all forms, we distinguish

between customer franchise building promotions like samples, demonstrations, and educational

material, and noncustomer franchise building promotions such as price-off packs, premiums,

sweepstakes, and refund offers.41 Customer franchise building promotions can enhance the attitudes

and loyalty of consumers toward a brand—in other words, affect brand equity.

Thus, marketers increasingly judge sales promotions by their ability to contribute to brand

equity as well as generate sales. Creativity is as critical to promotions as it is to advertising or any

other form of marketing communications. The El-Ezaby pharmacy chain in Egypt uses creative

promotional appeals and multiple communication channels to engage in constant dialogue with

customers in their day-to-day health care issues.

Promotion strategy must reflect the attitudes and behavior of consumers. The percentage of

coupons consumers redeem dropped steadily for years—in part due to the clutter of coupons that

were increasingly being distributed—before experiencing an uptick more recently:

Trade Promotions. Trade promotions are often financial incentives or discounts given to retailers,

distributors, and other channel members to stock, display, and in other ways facilitate the

sale of a product through slotting allowances, point-of-purchase displays, contests and dealer

incentives, training programs, trade shows, and cooperative advertising. Trade promotions are

typically designed either to secure shelf space and distribution for a new brand, or to achieve

more prominence on the shelf and in the store. Shelf and aisle positions in the store are important

because they affect the ability of the brand to catch the eye of the consumer—placing a

brand on a shelf at eye level may double sales over placing it on the bottom shelf.45

Because of the large amount of money spent on trade promotions, there is increasing pressure to

make trade promotion programs more effective. Many firms are failing to see the brand-building value

in trade promotions and are seeking to reduce and eliminate as much of their expenditures as possible.

Online Marketing Communications

Reviewing all the guidelines for online marketing communications is beyond the scope

of this text.46 Here, we’ll concentrate on **three particularly crucial online brand-building tools:**

**(1) Web sites, (2) online ads and videos, and (3) social media.**

Web Sites. One of the earliest and best-established forms of online marketing communications

for brands is company-created Web sites. By capitalizing on the Web’s interactive nature,

marketers can construct Web sites that allow any type of consumer to choose the brand information

relevant to his or her needs or desires. Even though different market segments may have different

levels of knowledge and interest about a brand, a well-designed Web site can effectively

communicate to consumers regardless of their personal brand or communications history.

Because consumers often go online to seek information rather than be entertained, some of the

more successful Web sites are those that can convey expertise in a consumer-relevant area. For example,

Web sites such as P&G’s www.pampers.com and General Mills’s www.cheerios.com offer baby

care and parenting advice. Web sites can store company and product information, press releases, and

advertising and promotional information as well as links to partners and key vendors. Web marketers

can collect names and addresses for a database and conduct e-mail surveys and online focus groups.

Brand-building is increasingly a collaborative effort between consumers and brand marketers.

As part of this process, there will be many consumer-generated Web sites and pages that

may include ratings, reviews, and feedback on brands. Many consumers also post opinions and

reviews or seek advice and feedback from others at commercial sites such as Yelp, TripAdvisor,

and Epinions. As will be discussed in greater detail below, marketers must carefully monitor

these different forums and participate where appropriate.

In creating online information sources for consumers at company Web sites, marketers must

provide timely and reliable information. Web sites must be updated frequently and offer as much

customized information as possible, especially for existing customers. Designing Web sites requires

creating eye-catching pages that can sustain browsers’ interest, employing the latest technology

and effectively communicating the brand message. Web site design is crucial, because if

consumers do not have a positive experience, it may be very difficult to entice them back in the

highly competitive and cluttered online world.

Online Ads and Videos. Internet advertising comes in a variety of forms—banner ads, richmedia

ads, and other types of ads. Advertising on the Internet has grown rapidly—in 2010 it

totaled $26 billion in the United States, surpassing newspaper advertising ($22.8 billion) to rank

second behind TV advertising ($28.6 billion).47

A number of potential advantages exist for Internet advertising: It is accountable, because

software can track which ads went to which sales; it is nondisruptive, so it doesn’t interrupt

consumers; and it can target consumers so that only the most promising prospects are contacted,

who can then seek as much or as little information as they desire. Online ads and videos also can

extend the creative or legal restrictions of traditional print and broadcast media to persuasively

communicate brand positioning and elicit positive judgments and feelings.

Unfortunately, there are also many disadvantages. Many consumers fi nd it easy to ignore

banner ads and screen them out with pop-up fi lters. The average click-through rate for a standard

banner ad in the United States was 0.08 percent in 2010, although that number increased to

0.14 percent for an expandable rich media banner. Similar percentages could be found in European

and Latin American countries. Even in ad categories drawing exceptional interest from consumers,

the percentages barely increased (to 1.02 percent for auto in Italy, 1.9 percent for health and

beauty in Poland, and the biggest percentage, almost 8 percent for restaurants in Belgium).48

Increasingly, Web messages like streaming ads are drawing closer to traditional forms of television

advertising. Videos take that one step further by virtually becoming short fi lms. BMW, one of the pioneers,

created a series of highly successful made-for-the-Web movies using well-known directors such

as Guy Ritchie and actors such as Madonna. The advantage of videos is the enormous potential passalong

that exists if an imaginative video strikes a chord with consumers, as was the case for Coke.49

Social Media. Social media is playing an increasingly important brand communication role

due its massive growth. Social media allows consumers to share text, images, audio, and video

online with each other and—if they choose—with representatives from companies. Social media

comes in many forms, but **six key options** are: **(1) message boards and forums公共场所, (2) chat rooms,**

**(3) blogs, (4) Facebook, (5) Twitter, and (6) YouTube.**

The numbers associated with social media are truly staggering. In November 2010, nearly

one in four page views in the United States took place on Facebook. One forecast projected that by

2014, roughly two-thirds of U.S. Internet users will be regular visitors to social media networks.53

Social media offers many benefits to marketers. It allows brands to establish a public voice and

presence on the Web. It complements and reinforces other communication activities. It helps promote

innovation and relevance for the brand. By permitting personal, independent expression, message

boards, chat rooms, and blogs can create a sense of community and foster active engagement.

Some social networks, such as Sugar and Gawker, provide an easy means for consumers

to learn from and express attitudes and opinions to others. They also permit feedback that can

improve all aspects of a brand’s marketing program. Dr. Pepper has an enormous 8.5 million

fan base on Facebook. Careful tracking and testing with Facebook users who state that they the

“like” the brand has allowed the brand to fine-tune its marketing messages. With consumers

increasingly avoiding surveys, many marketing researchers are excited about the potential of

social networks to yield market insights.54

Social media clearly offers enormous opportunities for marketers to connect with consumers

in ways that were not possible before. Although some marketers were uncertain as to whether

they should engage in social media, many have come to realize that online conversations will occur

whether they want them to or not, so the best strategy seems to be to determine how to best

participate and be involved. Accordingly, many companies now have official Twitter handles and

Facebook pages for their brands.

Different social media can accomplish different objectives. Landor’s Allen Adamson views

the chief role of Twitter—with its 140 character text-based limit for posting—as an “early warning

system” so marketers know exactly what is happening in the marketplace and how to respond

at any one point in time. For example, when a customer tweeted about a bad customer

experience with Zappos, because the company was monitoring social media, it was able to immediately

send an explanation, apology, and coupon.

Putting It All Together. Interactive marketing communications work well together.

Attention-getting online ads and videos can drive consumers to a brand’s Web sites, where they

can learn and experience more about the brand. Company-managed bulletin boards and blogs

may then help create more engagement. Interactive marketing communications reinforces other

forms of marketing communications as well.

Many experts maintain that a successful digitally based campaign for a brand often skillfully

blends three different forms of media: **paid, owned, and earned media. Paid media** is all

the various forms of more traditional advertising media described above, including TV and print.

**Owned media** are those media channels the brand controls to some extent—Web sites, e-mails,

social media, etc. **Earned media** are when consumers themselves communicate about the brand

via social media, word-of-mouth, etc. It should be recognized that the lines sometimes blur, and

communications can perform more than one function. For example, YouTube costs marketers to

maintain, is under their control, but is also importantly social.

Events and Experiences

As important as online marketing is to brand management, events and experiences play an

equally important role. Brand building in the virtual world must be complemented with brand

building in the real or physical world. Events and experiences range from an extravagant multimillion

dollar sponsorship of a major international event to a simple local in-store product demonstration

or sampling program. What all these different kinds of events and experiences share

Formally, **event marketing** can be defined as public sponsorship of events or activities related

to sports, art, entertainment, or social causes. According to the International Events Group,

event sponsorship has grown rapidly in recent years, to total $46.3 billion globally in 2010. The

vast majority of event expenditures—68 percent—occur in the world of sports. Other categories

are entertainment tours and attractions (10 percent), causes (9 percent), arts (5 percent); festivals,

fairs and annual events (5 percent), and associations and membership organizations (3 percent).

Once employed mostly by cigarette, beer, and auto companies, sports marketing is now

being embraced by virtually every type of company. Moreover, seemingly every sport—from

dogsled racing to fishing tournaments and from tractor pulls to professional beach volleyball—

now receives corporate backing of some kind. Chapter 7 examines the issues of event marketing

and sponsorship in terms of the secondary associations that they bring to the brand.

Rationale. Event sponsorship provides a different kind of communication option for marketers.

By becoming part of a special and personally relevant moment in consumers’ lives, sponsors

can broaden and deepen their relationship with their target market. Marketers report a number of

reasons why they sponsor events:62

• To identify with a particular target market or lifestyle: Marketers can link their brands to

events popular with either a select or broad group of consumers. They can target customers

geographically, demographically, psychographically, or behaviorally, according to the

sponsored events. In particular, marketers can choose events based on attendees’ attitudes

and usage of certain products or brands. No athletic event in the United States attracts more

“pentamillionaires”—those with a net worth of more than $5 million—than the U.S. Open

tennis tournament. Perhaps it is no surprise that its sponsors include luxury brands such as

Lexus, Tiffany, American Express, and Heineken, which largely target affluent customers.63

• To increase awareness of the company or product name: Sponsorship often offers sustained

exposure to a brand, a necessary condition to building brand recognition. By skillfully

choosing sponsorship events or activities, marketers can enhance identification with a product

and thus also brand recall. Waterford Crystal is well known for providing the crystal ball

that drops down at midnight in New Year’s Eve in Times Square.

• To create or reinforce consumer perceptions of key brand image associations: Events

themselves have their own associations that help to create or reinforce brand associations.

Seiko has been the official timer of the Olympics and other major sporting events for years.

Subaru believes there is a match in interests between skiing events and potential buyers of

its all-wheel-drive vehicles.

• To enhance corporate image dimensions: Sponsorship is a soft sell and a means to improve

perceptions that the company is likable, prestigious, and so forth. Marketers hope

consumers will credit the company for its sponsorship and favor it in later product choices.

Mountain Dew created the multicity Dew Tour, in which athletes compete in different skateboarding,

BMX, and freestyle motocross events to reach and make a favorable impression

with the coveted but fickle 12- to 24-year-old target market.

• To create experiences and evoke feelings: Events can be part of an experiential marketing

program. The feelings engendered by an exciting or rewarding event may indirectly link to

the brand. Marketers can also use the Web to provide further event support and additional

experiences. At the “LG Experience” at the NCAA Final Four Bracket Town Fan Experience

in March 2011, LG showcased its new line of 3-D televisions, mobile phones, and

home appliances. The goal was to tap into the passion of spectators and transfer that passion

to its brands and products. A bar-coded, scannable Fan Pass allowed LG to track attendees

and what they saw and for how long.64

• To express commitment to the community or on social issues:  Often called cause-related

marketing, sponsorships dedicated to the community or to promoting social issues create

corporate tie-ins with nonprofi t organizations and charities (see Chapter 11). For over

20 years, Colgate-Palmolive has sponsored the Starlight Children’s Foundation, which

grants wishes to young people who are critically ill.

• To entertain key clients or reward key employees:  Many events have lavish hospitality tents

and other special services or activities that are available only for sponsors and their guests.

Bank of Boston’s sponsorship of musical performances and Bank of America’s golf tournament

sponsorship include special events for clients. Involving clients with the event in these

and other ways can engender goodwill and establish valuable business contacts. From an

employee perspective, events can build participation and morale or create an incentive.

• To permit merchandising or promotional opportunities:  Many marketers tie in contests or

sweepstakes, in-store merchandising, and direct response or other marketing activities with

their event. Warner-Lambert sponsors the “Taste of Chicago” promotion in part so it can

gain shelf space in stores and participate in retailer co-op advertising.

Despite these potential advantages, there are a number of potential disadvantages to sponsorship.

The success of an event can be unpredictable and out of the sponsor’s control. There can

be much clutter in sponsorship. Finally, although many consumers will credit sponsors for providing

necessary financial assistance to make an event possible, some consumers may still resent

the commercialization of events through sponsorship.

Guidelines. Developing successful event sponsorship means choosing the appropriate

events, designing the optimal sponsorship program, and measuring the effects of sponsorship

on brand equity.

**Choosing Sponsorship Opportunities.** Because of the huge amount of money involved and

the number of event opportunities, many marketers are thinking more strategically about the

events with which they will get involved and the manner by which they will do so.

There are a number of potential guidelines for choosing events. First, the event must meet

the marketing objectives and communication strategy defined for the brand. That is, the audience

delivered by the event must match the target market of the brand. Moreover, the event must have

sufficient awareness, possess the desired image, and be capable of creating the desired effects

with that target market. Of particular concern is whether consumers make favorable attributions

to the sponsor for its participation.

An “ideal event” might be one whose audience closely matches the ideal target market, that

generates much favorable attention, that is unique but not encumbered with many sponsors, that

lends itself to ancillary marketing activities, and that reflects or even enhances the brand or corporate

image of the sponsor.

Of course, rather than linking themselves to an event, some sponsors create their own.

Branding Brief 6-1 describes how cable sports network ESPN created the X Games to appeal to

a market segment not easily attracted by traditional sports.

More and more firms are also using their names to sponsor the arenas, stadiums, and

other venues that actually hold the events. Staples paid $100 million over 20 years to name the

downtown Los Angeles arena where the NBA Lakers and Clippers and the NHL Kings play,

and where concerts and other events are also held. Although stadium naming rights can command

high fees, its direct contribution to building brand equity is primarily in creating brand

recognition—not brand recall—and marketers can expect it to do little for brand image except

perhaps to convey a certain level of scope and size.

**Designing Sponsorship Programs.** Many marketers believe that the marketing program accompanying

a sponsorship is what ultimately determines its success. A sponsor can strategically

identify itself at an event in a number of ways, including banners, signs, and programs.

For more significant and broader impact, however, sponsors typically supplement such activities

with samples, prizes, advertising, retail promotions, publicity, and so forth. Marketers often note

that the budget for related marketing activities should be at least two to three times the amount

of the sponsorship expenditure.

**Measuring Sponsorship Activities.** There are two basic approaches to measuring the effects

of sponsorship activities: the **supply-side method** focuses on potential exposure to the brand by

assessing the extent of media coverage, and the **demand-side method** focuses on reported exposure

from consumers.

**Supply-side methods** attempt to approximate the amount of time or space devoted to

the brand in media coverage of an event. For example, we can estimate the number of

seconds the brand is clearly visible on a television screen, or the column inches of press

clippings covering an event that mention the brand. Then we can translate this measure of

potential impressions delivered by an event sponsorship into an equivalent value in advertising

dollars, according to the fees associated with actually advertising in the particular

media vehicle.

An alternative measurement approach is the **demand-side method**, which attempts to identify

the effects that sponsorship has on consumers’ brand knowledge structures. Thus, tracking

or custom surveys can explore the ability of the event sponsorship to affect awareness, attitudes,

or even sales. We can identify and survey event spectators after the event to measure recall of the

event’s sponsor, as well as attitudes and intentions toward the sponsor as a result of the event. We

can also conduct internal tracking to see how different aspects of the sales process are impacted

Mobile Marketing

A fourth broad communication option has emerged in recent years and will undoubtedly play a

greater role in brand building in the future. As smartphones are playing an increasingly significant

role in consumers’ lives, more marketers are taking notice, and mobile ad spending passed

$1 billion in 2011.68

Because consumers already use smartphones for information and entertainment as well as

communication—and are beginning to use them as shopping devices and payment methods—

investment in mobile marketing from a whole range of different sectors looking to tap into a new

revenue stream is expected to grow rapidly. Handset makers are racing to produce ever better

smartphones, with bigger and higher defi nition screens, faster processors, and easier access to social

networks. These new technologies are creating more targeted, interactive, and useful mobile

ads than ever before.69

One of the fastest-growing areas in mobile ad spending is Apple’s new iAd mobile network,

which allows marketers to place interactive banner ads in iPhone, iPod Touch, and iPad software

applications, or apps. Unilever successfully used iAd to promote its Dove soap. When touched,

Unilever’s banner ad opened into a library of videos and other content promoting Dove. More

than 20 percent of people who opened the ad returned to it a second time.70  Many ads are also

being developed for Google’s Android operating system.

Smartphones present a unique opportunity for marketers because they can be in consumers’

hands at the point of sale or consumption.71  IHOP restaurants experienced a 10 percent mobile

coupon redemption rate with one of its campaigns. The goal of Domino’s mobile campaign was

to increase awareness about the new Legends Pizza, drive foot traffi c to store locations, and increase

sales. A marketer can put different short-code key words into calls for consumers to text

the various print and electronic media and then determine which ad medium is most effective in

driving consumer awareness and interaction.

**Geotargeting** occurs when marketers take advantage of digital technology to send messages

to consumers based on their location and the activities they are engaging in.72  A simple application

uses Web IP addresses to display ads letting browsers know of opportunities in their area.

Some of the more exciting recent developments include using mobile phones in this way as marketers

strive to find when and how to reach consumers as they travel through their days.

Enormous privacy and regulatory concerns surround mobile advertising. **Opt-in advertising**

will be key, whereby users agree to allow advertisers to use specific, individual information

about time, location, and shopping preferences in order to send them targeted ads and promotions.

73 Increasingly, consumers are choosing to opt in to different services and share their locations

in return for coupons, discounts, and more relevant promotional material and messages.

One popular example is Foursquare.74

BRAND AMPLIFIERS

Complementing these four broad sets of marketing communication activities are efforts to engage

consumers and the public via word-of-mouth and public relations and publicity. Although

they can perform many different functions, they are especially well-suited at amplifying the effects

created by other marketing activities.77

Public Relations and Publicity

**Public relations** and **publicity** relate to a variety of programs and are designed to promote or

protect a company’s image or its individual products. **Publicity** is nonpersonal communications

such as press releases, media interviews, press conferences, feature articles, newsletters, photographs,

films, and tapes. **Public relations** may also include annual reports, fund-raising and

membership drives, lobbying, special event management, and public affairs.

Word-of-Mouth

Publicity and PR often serve another important role—they get people talking. **Word-of-mouth**

is a critical aspect of brand building as consumers share their likes, dislikes, and experiences

with brands with each other.79 The power of word-of-mouth is the credibility and relevance it

often brings. Study after study has shown that the most trusted source of product information is

friends and families.

If marketers do their job right and create marketing programs that offer consumers superior

delivery of desired benefits, people will write and talk about the brand, amplifying any marketing

effects. In effect, a **buzz谣言** has been created among consumers. Companies are attempting to

create this consumer word-of-mouth through various techniques often called **buzz marketing**.80

Established companies do not have the luxury of time, so they often attempt to catalyze the

buzz marketing effect for new product introductions. One popular method is to allow consumers

who are likely to influence other consumers to “discover” the product in the hopes that they will

pass a positive endorsement on to their peers. Procter & Gamble has created a program specifically

designed to enhance buzz.

**Buzz marketing** works well when the marketing message appears to originate with an independent

source and not with the brand. Because consumers are becoming increasingly skeptical

and wary of traditional advertising, buzz marketers seek to expose consumers to their brands

in a unique and innocuous fashion.82  One approach is to enlist genuine consumers able to give

authentic-seeming endorsements of the brand. An ad executive with Bates USA explained the goal

of this strategy: “Ultimately, the brand benefi ts because an accepted member of the social circle will

always be more credible than any communication that could ever come directly from the brand.”83

Some criticize buzz marketing as “a form of cultural corruption” in which marketers are actually

creating the culture at a fundamental level. Critics claim that buzz marketing’s interference in

consumers’ lives is insidious because participants cannot always detect the pitch. Another potential

problem with buzz marketing is that it requires a buzz-worthy product. As one marketing expert

said, “The bad news is that [buzz marketing] only works in high-interest product categories.”

DEVELOPING INTEGRATED MARKETING

COMMUNICATION PROGRAMS

We’ve examined in depth the various communication options available to marketers. Now we

consider how to develop an integrated marketing communication (IMC) program by choosing

the best set options and managing the relationships between them.84 Our main theme is that

marketers should **“mix and match**” communication options to build brand equity—that is,

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 the parts.85

Numerous firms are embracing this broad-based approach to developing their communications

program. Kellogg launched its largest integrated marketing campaign ever in Q1 2011.86

The campaign, called “Share Your Breakfast,” included a Web site where consumers could upload

pictures of their breakfast and for which Kellogg, in turn, would donate a meal through a

partnership with the nonprofit, Action for Healthy Kids. In addition to the Web site, the campaign

included broadcast, digital, social, and print media. Kellogg worked with several different

agencies across different media. The campaign extended to specific retailer promotions and applied

across many of the company’s brands.

Criteria for IMC Programs

In assessing the collective impact of an IMC program, the marketer’s overriding goal is to create

the most effective and efficient communication program possible. Here are six relevant criteria,

known as “the 6 Cs” for short:87

1.  Coverage

2.  Contribution

3.  Commonality

4.  Complementarity

5.  Conformability

6.  Cost

Coverage. Coverage is the proportion of the audience reached by each communication option,

as well as how much overlap exists among communication options. In other words, to what

extent do different communication options reach the designated target market, and the same or

different consumers making up that market? As Figure 6-6 shows, the unique aspects of coverage

relate to the direct main effects of any communication; the common aspects relate to the

interaction or multiplicative effects of two communication options working together.

The unique aspect of coverage is the inherent communication ability of a marketing communication

option, as suggested by the second criterion, contribution. If there is some overlap

in communication options, however, marketers must decide how to design their communication

program to reflect the fact that consumers may already have some communication effects in

memory prior to exposure to any particular communication option.

A communication option can either reinforce associations and strengthen linkages that are

also the focus of other communication options, or it can address other associations and linkages,

as suggested by the third and fourth criteria, commonality and complementarity. Moreover,

if less than perfect overlap exists—which is almost always the case—marketers can design a

communication option to refl ect the fact that consumers may or may not have seen other communication

options, as suggested by the fi fth criterion, conformability. Finally, all of these considerations

must be offset by their cost, as suggested by the sixth criterion.

Contribution.  Contribution is the inherent ability of a marketing communication to create the

desired response and communication effects from consumers in the absence of exposure to any

other communication option.  In other words, contribution describes the main effects of a marketing

communication option in terms of how it affects consumers’ processing of a communication

and the resulting outcomes. As we noted earlier, marketing communications can play many different

roles, like building awareness, enhancing image, eliciting responses, and inducing sales,

and the contribution of any marketing communication option will depend on how well it plays

that role. Also as we noted earlier, much prior research has considered this aspect of communications,

generating conceptual guidelines and evaluation criteria in the process. Given that overlap

with communication options exists, however, marketers must consider other factors, as follows.

Commonality.  Regardless of which communication options marketers choose, they should

coordinate the entire marketing communication program to create a consistent and cohesive

brand image in which brand associations share content and meaning. The consistency and cohesiveness

of the brand image is important because the image determines how easily consumers

can recall existing associations and responses and how easily they can link additional associations

and responses to the brand in memory.

Commonality is the extent to which common information conveyed by different communication

options shares meaning across communication options. Most definitions of IMC emphasize

only this criterion. For example, Burnett and Moriarty define integrated marketing communications

as the “practice of unifying all marketing communication tools—from advertising to packaging—

to send target audiences a consistent, persuasive message that promotes company goals.

Complementarity. Communication options are often more effective when used in tandem.

Complementarity describes the extent to which different associations and linkages are emphasized

across communication options. The ideal marketing communication program would

ensure that the communication options chosen are mutually compensatory and reinforcing to

create desired consumer knowledge structures.

Marketers might most effectively establish different brand associations by capitalizing on

those marketing communication options best suited to eliciting a particular consumer response

or establishing a particular type of brand association. For example, some media, like sampling

and other forms of sales promotion, are demonstrably better at generating trial than engendering

long-term loyalty. Research with some industrial distributors has shown that follow-up sales efforts

generate higher sales productivity when firms have already exposed customers to its products

at a trade show.93

The Science of Branding 6-2 describes how communication options may need to be explicitly

tied together to capitalize on complementarity to build brand equity.

Conformability一致性. Conformability refers to the extent that a marketing communication option

is robust and effective for different groups of consumers. There are two types of conformability:

**communication and consumer**. The reality of any IMC program is that when consumers

are exposed to a particular marketing communication, some consumers will have already been

exposed to other marketing communications for the brand, and others will not. The ability of a

marketing communication to work at two levels—effectively communicating to both groups—

is critically important. We consider a marketing communication option conformable when it

achieves its desired effect regardless of consumers’ past communication history.

Besides this communication conformability, we can also judge a communication option in

terms of broader consumer conformability, that is, how well does it inform or persuade consumers

who vary on dimensions other than communication history? Communications directed at

primarily creating brand awareness, like sponsorship, may be more conformable by virtue of

their simplicity.

There seem to be two possible means of achieving this dual双重的 communication ability:

1. **Multiple information provision strategy**: Provide different information within a communication

option to appeal to the different types of consumers. An important issue

here is how information designed to appeal to one target market of consumers will be

processed by other consumers and target markets. Issues of information overload, confusion,

and annoyance may come into play if communications become burdened with a

great deal of detail.

2. **Broad information provision strategy**: Provide information that is rich or ambiguous enough

to work regardless of prior consumer knowledge. The important issue here is how potent

or successful marketers can make that information. If they attempt to appeal to the lowest

common denominator, the information may lack precision and sufficient detail to have any

meaningful impact on consumers. Consumers with disparate backgrounds will have to find

information in the communication sufficiently relevant to satisfy their goals, given their

product or brand knowledge or communications history.

Cost. Finally, evaluations of marketing communications on all of the preceding criteria

must be weighed against their cost to arrive at the most effective and efficient communication

program.

Using IMC Choice Criteria

The IMC choice criteria can provide some guidance for designing integrated marketing communication

programs. Two key steps are evaluating communication options and establishing priorities

and trade-offs

Evaluating Communication Options. We can judge marketing communication options or

communication types according to the response and communication effects they can create, as

well as how they rate on the IMC choice criteria. Different communication types and options

have different strengths and weaknesses and raise different issues.

Several points about the IMC choice criteria are worth noting. First, there are not necessarily

any inherent differences across communication types for contribution and complementarity,

because each communication type, if properly designed, can play a critical and unique

role in achieving those communication objectives. Similarly, all marketing communications

appear expensive, although some differences in cost per thousands can prevail. Communication

types vary, however, in their breadth and depth of audience coverage, and in terms of

commonality and conformability according to the number of modalities they employ: The

more modalities available with a communication type, the greater its potential commonality

and conformability.

Arriving at a final mix requires making decisions on priorities and tradeoffs among the IMC

choice criteria, discussed next.

Establishing Priorities and Trade-Offs. The IMC program a marketer adopts, after profiling

the various options, will depend in part on how he or she ranks the choice criteria. Because the

IMC choice criteria themselves are related, the marketer must also make tradeoffs. The objectives

of the marketing communication program, and whether they are short run or long run, will

set priorities along with a host of factors beyond the scope of this chapter. We identify **three possible**

**tradeoffs** with the IMC choice criteria that result from overlaps in coverage.

• **Commonality and complementarity** will often be inversely related. The more various marketing

communication options emphasize the same brand attribute or benefit, all else being

equal, the less they can effectively emphasize other attributes and benefits.

• **Conformability and complementarity** will also often be inversely related. The more a communication

program accounts for differences in consumers across communication options, the less

necessary it is that any one communication be designed to appeal to many different groups.

• **Commonality and conformability** do not share an obvious relationship. It may be possible,

for example, to develop a sufficiently abstract message, like “Brand X is contemporary,” to

effectively reinforce the brand across multiple communication types including advertising,

interactive, sponsorship, and promotions.

REVIEW

This chapter provided conceptual frameworks and managerial guidelines for how marketing

communications can be integrated to enhance brand equity. The chapter addressed this issue

from the perspective of customer-based brand equity, which maintains that brand equity is

fundamentally determined by the brand knowledge created in consumers’ minds by the supporting

marketing program. Four main types of communications were identified as being critical:

(1) advertising and promotion, (2) interactive marketing, (3) events and experiences, and

(4) mobile marketing

A number of specific communication options—broadcast, print, direct response, and place

advertising media; consumer and trade promotions; Web sites, online ads and videos, and social

media online marketing; and events and experiences—were reviewed in terms of basic characteristics

as well as success factors for effectiveness. Brand amplifiers that enhance these effects

in the form of publicity and public relations, word-of-mouth, and buzz marketing were also discussed.

The chapter also provided criteria as to how different communication options should be

combined to maximally build brand equity.

Two key implications emerge from this discussion. First, from the perspective of

customer-based brand equity, all possible communication options should be evaluated in terms

of their ability to affect brand equity. In particular, the CBBE concept provides a common

denominator by which the effects of different communication options can be evaluated: Each

communication option can be judged in terms of the effectiveness and effi ciency by which it

affects brand awareness and by which it creates, maintains, or strengthens favorable and unique

brand associations. Different communication options have different strengths and can accomplish

different objectives. Thus, it is important to employ a mix of different communication

options, each playing a specifi c role in building or maintaining brand equity.

The second important insight that emerges from the conceptual framework is that the marketing

communication program should be put together in a way such that the whole is greater

than the sum of the parts. In other words, as much as possible, there should be a match among

certain communication options so that the effects of any one communication option are enhanced

by the presence of another option.

In closing, the basic message of this chapter is simple: marketers need to evaluate marketing

communication options strategically to determine how they can contribute to brand equity.

To do so, marketers need some theoretical and managerial guidelines by which they can determine

the effectiveness and efficiency of various communication options both singularly and

in combination with other communication options. Figure 6-7 provides the author’s philosophy

concerning the design, implementation, and interpretation of marketing communication

strategies.

**General Marketing Communication Guidelines: The “Keller Bs”：**

1. Be analytical: Use frameworks of consumer behavior and managerial

decision making to develop well-reasoned communication programs.

2. Be curious: Better understand customers by using all forms of research, and

always be thinking of how you can create added value for consumers.

3. Be single-minded: Focus your message on well-defined target markets

(less can be more).

4. Be integrative: Reinforce your message through consistency and cuing

across all communication options and media.

5. Be creative: State your message in a unique fashion; use alternative

promotions and media to create favorable, strong, and unique brand

associations.

6. Be observant: Keep track of competition, customers, channel members,

and employees through monitoring and tracking studies.

7. Be patient: Take a long-term view of communication effectiveness to build

and manage brand equity.

8. Be realistic: Understand the complexities involved in marketing

communications.

Chapter 7

Book note

Leveraging Secondary Brand Associations to

Build Brand Equity

Secondary Sources of Brand Knowledge:

CONCEPTUALIZING THE LEVERAGING PROCESS

Linking the brand to some other entity—some source factor or related person, place, or thing—

may create a new set of associations from the brand to the entity, as well as affecting existing

brand associations. Let’s look at both these outcomes.1

Creation of New Brand Associations

By making a connection between the brand and another entity, consumers may form a mental

association from the brand to this other entity and, consequently, to any or all associations, judgments,

feelings, and the like linked to that entity. In general, these secondary brand associations

are most likely to affect evaluations of a new product when consumers lack either the motivation

or the ability to judge product-related concerns. In other words, when consumers either don’t

care much about or don’t feel that they possess the knowledge to choose the appropriate brand,

they may be more likely to make brand decisions on the basis of secondary considerations such

as what they think, feel, or know about the country from which the product came, the store in

which it is sold, or some other characteristic.

Effects on Existing Brand Knowledge

Linking the brand to some other entity may not only create new brand associations to the entity

but also affect existing brand associations. The basic mechanism is this. Consumers have some

knowledge of an entity. When a brand is identified as linked to that entity, consumers may infer

that some of the particular associations, judgments, or feelings that characterize the entity

may also characterize the brand. A number of different theoretical mechanisms from psychology

predict this type of inference. One is “cognitive consistency”—in other words, in the minds of

consumers, what is true for the entity, must be true for the brand.

To describe the process more formally, here are **three important factors** in predicting the

extent of leverage from linking the brand to another entity:

1. **Awareness and knowledge of the entity**:  If consumers have no awareness or knowledge of

the secondary entity, then obviously there is nothing they can transfer from it. Ideally, consumers

would be aware of the entity; hold some strong, favorable, and perhaps even unique

associations about it; and have positive judgments and feelings about it.

2. **Meaningfulness of the knowledge of the entity**:  Given that the entity evokes some positive associations, judgments, or feelings, is this knowledge relevant and meaningful for the brand?

The meaningfulness may vary depending on the brand and product context. Some associations,

judgments, or feelings may seem relevant to and valuable for the brand, whereas others

may seem to consumers to have little connection.

3. **Transferability of the knowledge of the entity**:  Assuming that some potentially useful and

meaningful associations, judgments, or feelings exist regarding the entity and could possibly

transfer to the brand, how strongly will this knowledge actually become linked to the brand?

In other words, the basic questions we want to answer about transferring secondary knowledge

from another entity are: What do consumers know about the other entity? and, Does any of this

knowledge affect what they think about the brand when it becomes linked or associated in some

fashion with this other entity?

Theoretically, consumers can infer any aspect of knowledge from other entities to the brand

(see Figure 7-2), although some types of entities are more likely to inherently create or affect

certain kinds of brand knowledge than others. For example, events may be especially conducive

to the creation of experiences; people may be especially effective for the elicitation of feelings;

other brands may be especially well suited for establishing particular attributes and benefits; and

so on. At the same time, any one entity may be associated with multiple dimensions of knowledge,

each of which may affect brand knowledge directly or indirectly.

Guidelines

Leveraging secondary brand associations may allow marketers to create or reinforce an important

point-of-difference or a necessary or competitive point-of-parity versus competitors.

When choosing to emphasize source factors or a particular person, place, or thing, marketers

should take into account consumers’ awareness of that entity, as well as how the associations,

judgments, or feelings for it might become linked to the brand or affect existing brand

associations.

Marketers can choose entities for which consumers have some or even a great deal of similar

associations. A **commonality leveraging strategy** makes sense when consumers have associations

to another entity that are congruent一致的with desired brand associations.

On the other hand, there may be times when entities are chosen that represent a departure

for the brand because there are few if any common or similar associations. Such **complementarity**

**branding strategies** can be strategically critical in terms of delivering the desired position.

The marketer’s challenge here is to ensure that the less congruent knowledge for the entity has

either a direct or an indirect effect on existing brand knowledge. This may require skillfully

designed marketing programs that overcome initial consumer confusion or skepticism. For example,

when Buick signed Tiger Woods as an endorser, many questioned whether consumers

would find a fi t or consistency between the golfer and the car maker, and, if not, how much value

the endorsement would add to the Buick brand.

**Understanding Transfer of Brand Knowledge：**

COMPANY

Branding strategies are an important determinant of the strength of association from the brand

to the company and any other existing brands. **Three main branding** **options** exist for a new

product:

1. Create a new brand.

2. Adopt or modify an existing brand.

3. Combine an existing and a new brand.

Existing brands may be related to the corporate brand, say Samsung, or a specifi c product

brand like Samsung Galaxy S 4G mobile phone. If the brand is linked to an existing brand,

as with options 2 and 3, then knowledge about the existing brand may also become linked

to the brand.

In particular, a corporate or family brand can be a source of much brand equity. For example,

a corporate brand may evoke associations of common product attributes, benefi ts, or attitudes;

people and relationships; programs and values; and corporate credibility. Branding Brief 7-1

describes the corporate image campaign for IBM.

Leveraging a corporate brand may not always be useful, however. In fact, in some cases,

large companies have deliberately introduced new brands or bought successful niche brands

in an attempt to convey a “smaller” image.

Finally, brands and companies are often unavoidably linked to the category and industry

in which they compete, sometimes with adverse consequences. Some industries are characterized

by fairly divided opinions, but consider the challenges faced by brands in the oil

and gas or financial services industry which consumers have generally viewed in a negative

light.5 By virtue of membership in the category in which it competes, an oil company may

expect to face a potentially suspicious or skeptical public regardless of what it does.

COUNTRY OF ORIGIN AND OTHER GEOGRAPHIC AREAS

Besides the company that makes the product, the country or geographic location from which

it originates may also become linked to the brand and generate secondary associations.6 Many

countries have become known for expertise in certain product categories or for conveying a particular

type of image.

The world is becoming a “cultural bazaar” where consumers can pick and choose brands

originating in different countries, based on their beliefs about the quality of certain types of

products from certain countries or the image that these brands or products communicate.7 Thus,

a consumer from anywhere in the world may choose to wear Italian suits, exercise in U.S. athletic

shoes, listen to a Japanese or Korean MP3 player, drive a German car, or drink English ale.

Choosing brands with strong national ties may reflect a deliberate decision to maximize

product utility and communicate self-image, based on what consumers believe about products

from those countries. A number of brands are able to create a strong point-of-difference, in part

because of consumers’ identification of and beliefs about the country of origin. For example,

consider the following strongly linked brands and countries:

Levi’s jeans—United States Dewar’s whiskey—Scotland

Chanel perfume—France Kikkoman soy sauce—Japan

Foster’s beer—Australia Cadbury—England

Barilla pasta—Italy Gucci shoes and purses—Italy

BMW—Germany Mont Blanc pens—Switzerland

Because it’s typically a legal necessity for the country of origin to appear somewhere on the

product or package, associations to the country of origin almost always have the potential to be

created at the point of purchase and to affect brand decisions there. The question really is one

of relative emphasis, and the role of country of origin or other geographic regions throughout

the marketing program. Becoming strongly linked to a country of origin or specifi c geographic

region is not without potential disadvantages. Events or actions associated with the country may

color people’s perceptions.1

CHANNELS OF DISTRIBUTION

Chapter 5 described how members of the channels of distribution can directly affect the equity

of the brands they sell. Let’s next consider how retail stores can indirectly affect brand equity

through an “image transfer” process because of consumers’ associations linked to the retail stores.

Because of associations to product assortment, pricing and credit policy, quality of service,

and so on, retailers have their own brand images in consumers’ minds. The Science of

Branding 7-1 summarizes academic research into the dimensions of retailer images. Retailers

create these associations through the products and brands they stock and the means by which

they sell them. To more directly shape their images, many retailers aggressively advertise and

promote directly to customers.

A consumer may infer certain characteristics about a brand on the basis of where it is sold.

“If it’s sold by Nordstrom, it must be good quality.” Consumers may perceive the same brand

differently depending on whether it is sold in a store seen as prestigious and exclusive, or in a

store designed for bargain shoppers and having more mass appeal.

The transfer of store image associations can be either positive or negative for a brand.

For many high-end brands, a **natural growth strategy** is to expand the customer base by tapping

new channels of distribution. Such strategies can be dangerous, however, depending

on how existing customers and retailers react. When Vera Wang decided to also distribute

her wares through Kohl’s, Macy’s decided to drop her popular lingerie line. The retailer

also cut ties with Liz Claiborne when the fashion brand decided to offer a line called Liz &

Co. to JCPenney.15

CO-BRANDING

We’ve noted that through a brand extension strategy, a new product can become linked to

an existing corporate or family brand that has its own set of associations. An existing brand

can also leverage associations by linking itself to other brands from the same or different

company. Co-branding—also called brand bundling or brand alliances—occurs when two

or more existing brands are combined into a joint product or are marketed together in some

fashion.16 A special case of this strategy is ingredient branding, which we’ll discuss in the

next section.17

Co-branding has been around for years; for example, Betty Crocker paired with Sunkist

Growers in 1961 to successfully market a lemon chiffon cake mix.18 Interest in co-branding as

a means of building brand equity has increased in recent years. For example, Hershey’s Heath

toffee candy bar has not only been extended into several new products—Heath Sensations (bitesized

candies) and Heath Bits and Bits of Brickle (chocolate-covered and plain toffee baking

products)—but also has been licensed to a variety of vendors, such as Dairy Queen (with its

Blizzard drink), Ben & Jerry’s, and Blue Bunny (with its ice cream bar).

**Advantages and Disadvantages of Co-Branding and Licensing：**

Advantages

Borrow needed expertise

Leverage equity you don’t have

Reduce cost of product introduction

Expand brand meaning into related categories

Broaden meaning

Increase access points

Source of additional revenue

Disadvantages

Loss of control

Risk of brand equity dilution

Negative feedback effects

Lack of brand focus and clarity

Organizational distraction

Co-branding can reduce the cost of product introduction because it combines two wellknown

images, accelerating potential adoption. Co-branding also may be a valuable means

to learn about consumers and how other companies approach them. In poorly differentiated

categories especially, co-branding may be an important means of creating a distinctive

product.20

The potential disadvantages of co-branding are the risks and lack of control that arise from

becoming aligned with another brand in the minds of consumers. Consumer expectations about

the level of involvement and commitment with co-brands are likely to be high. Unsatisfactory

performance thus could have negative repercussions for both (or all) brands.21  If the brands are

very distinct, consumers may be less sure about what each brands represents.22  If the other brand

has entered into a number of co-branding arrangements, there also may be a risk of overexposure

that would dilute the transfer of any association. It may also result in distraction and a lack

of focus on existing brands.

Guidelines

The Science of Branding 7-2 provides some academic insight about how consumers evaluate

co-branded products. To create a strong co-brand, both brands should have adequate brand

awareness; sufficiently strong, favorable, and unique associations; and positive consumer

judgments and feelings. Thus, a necessary but not sufficient condition for co-branding success

is that the two brands separately have some potential brand equity. The most important

requirement is a logical fit between the two brands, so that the combined brand or marketing

activity maximizes the advantages of the individual brands while minimizing the

disadvantages.

Besides these strategic considerations, marketers must enter into and execute co-branding

ventures carefully. They must ensure the right kind of fi t in values, capabilities, and goals in addition

to an appropriate balance of brand equity. When it comes to execution, marketers need

detailed plans to legalize contracts, make financial arrangements, and coordinate marketing programs.

As one executive at Nabisco put it, “Giving away your brand is a lot like giving away

your child—you want to make sure everything is perfect.” The financial arrangement between

brands may vary, although typically the firm using the other brand will pay some type of licensing

fee and/or royalty from sales. The aim is for the licensor and the licensee to benefit

from these agreements as a result of the shared equity, increased awareness for the licensor, and

greater sales for the licensee.

More generally, brand alliances, such as co-branding, require marketers to ask themselves a

number of questions, such as:

• What capabilities do we not have?

• What resource constraints do we face (people, time, money)?

• What growth goals or revenue needs do we have?

In assessing a joint branding opportunity, marketers will ask themselves:

• Is it a profitable business venture?

• How does it help to maintain or strengthen brand equity?

• Is there any possible risk of dilution of brand equity?

• Does it offer any extrinsic advantages such as learning opportunities?

One of the highest-profile brand alliances was that of Disney and McDonald’s, which had

the exclusive global rights from 1996 to 2006 in the fast-food industry to promote everything

from Disney movies and videos to TV shows and theme parks. McDonald’s has partnerships

with a number of different brands, including leading toy and entertainment companies for its

Happy Meals, and Kraft’s Oreo, Hershey’s M&M’s, and Rolo brands for its McFlurry dessert.

Ingredient Branding

A special case of co-branding is **ingredient branding**, which creates brand equity for materials,

components, or parts that are necessarily contained within other branded products. Some successful

ingredient brands over the years include Dolby noise reduction, Gore-Tex water-resistant

fibers, Tefl on nonstick coatings, Stainmaster stain-resistant fibers, and Scotchgard fabrics. Ingredient

brands attempt to create enough awareness and preference for their product that consumers

will not buy a host product that does not contain the ingredient.

From a consumer behavior perspective, branded ingredients are often a signal of quality. In a

provocative academic research study, Carpenter, Glazer, and Nakamoto found that the inclusion of

a branded attribute (“Alpine Class” fi ll for a down jacket) signifi cantly affected consumer choices

even when consumers were explicitly told that the attribute was not relevant to their decision.27

Clearly, consumers inferred certain quality characteristics as a result of the branded ingredient.

The uniformity and predictability of ingredient brands can reduce risk and reassure consumers.

As a result, ingredient brands can become industry standards and consumers will not want

to buy a product that does not contain the ingredient. In other words, ingredient brands can become,

in effect, a category point-of-parity. Consumers do not necessarily have to know exactly

how the ingredient works—just that it adds value.

Ingredient branding has become more prevalent as mature brands seek cost-effective means

to differentiate themselves on the one hand, and potential ingredient products seek means to

expand their sales opportunities on the other hand. Some companies create their own ingredient

brands, such as Chevron with its Techron gasoline additive, Westin with its Heavenly Bed, and

Best Buy with its Geek Squad technical support team.28  To illustrate the range of alternatives

in ingredient branding, consider how Singapore Airlines uses both co-branded and self-branded

ingredients in their service delivery.

Advantages and Disadvantages. The pros and cons of ingredient branding are similar to

those of co-branding.31 From the perspective of the firm making and supplying the ingredient,

the benefit of branding its products as ingredients is that by creating consumer pull, the firm can

generate greater sales at a higher margin. There may also be more stable and broader customer

demand and better long-term supplier–buyer relationships. Enhanced revenues may accrue from

having two revenue streams—the direct revenue from the cost of the supplied ingredients, as

well as possible extra revenue from the royalty rights paid to display the ingredient brand.

From the standpoint of the manufacturer of the host product, the benefit is in leveraging

the equity from the ingredient brand to enhance its own brand equity. On the demand side, the

host product brands may achieve access to new product categories, different market segments,

and more distribution channels than they otherwise could have expected. On the supply side,

the host product brands may be able to share some production and development costs with the

ingredient supplier.

Ingredient branding is not without its risks and costs. The costs of a supporting marketing

communication program can be high—advertising to sales ratios for consumer products often

surpass 5 percent—and many suppliers are relatively inexperienced at designing mass media communications

that may have to contend with inattentive consumers and noncooperative middlemen.

As with co-branding, there is a loss of control, because marketing programs for the supplier and

manufacturer may have different objectives and thus may send different signals to consumers.

Some manufacturers may be reluctant to become supplier dependent or may not believe that

the branded ingredient adds value, resulting in a loss of possible accounts. Manufacturers may

resent any consumer confusion about what is the “real brand” if the branded ingredient gains too

much equity. Finally, the sustainability of the competitive advantage may be somewhat uncertain,

because brands that follow may benefit from consumers’ increased understanding of the role of

the ingredient. As a result, follower brands may have to communicate not so much the importance

of the ingredient as why their particular ingredient brand is better than the pioneer or other brand

Guidelines. Ingredient branding programs build brand equity in many of the same ways that

conventional branding programs do. Branding Brief 7-3 describes ingredient branding efforts at

DuPont.

Turning to the other side of the equation, what are some specific requirements for successful

ingredient branding? In general, ingredient branding must accomplish four tasks:

1. Consumers must first perceive that the ingredient matters to the performance and success of

the end product. Ideally, this intrinsic value is visible or easily experienced.

2. Consumers must then be convinced that not all ingredient brands are the same and that the

ingredient is superior. Ideally, the ingredient would have an innovation or some other substantial

advantage over existing alternatives.

3. A distinctive symbol or logo must be designed to clearly signal to consumers that the host

product contains the ingredient. Ideally, the symbol or logo would function essentially as a

“seal” and would be simple and versatile—it could appear virtually anywhere—and credibly

communicate quality and confidence to consumers.

4. Finally, a coordinated push and pull program must be put into place such that consumers

understand the importance and advantages of the branded ingredient. Often this will include

consumer advertising and promotions and, sometimes in collaboration with manufacturers,

retail merchandising and promotion programs. As part of the push strategy, some communication

efforts may also need to be devoted to gaining the cooperation and support of manufacturers

or other channel members.

LICENSING

Licensing creates contractual arrangements whereby firms can use the names, logos, characters,

and so forth of other brands to market their own brands for some fixed fee. Essentially, a firm

is “renting” another brand to contribute to the brand equity of its own product. Because it can

be a shortcut means of building brand equity, licensing has gained in popularity in recent years.

The top 125 global licensors drove more than $184 billion in sales of licensed products in 2010.

Perhaps the champion of licensing is Walt Disney.

Guidelines

One danger in licensing is that manufacturers can get caught up in licensing a brand that

might be popular at the moment but is only a fad and produces short-lived sales. Because

of multiple licensing arrangements, licensed entities can also easily become overexposed

and wear out quickly as a result.

Firms are taking a number of steps to protect themselves in their licensing agreements, especially

those firms that have little brand equity of their own and rely on the image of their

licensor.34 For example, firms are obtaining licensing rights to a broad range of licensed

entities—some of which are more durable—to diversify their risk. Licensees are developing

unique new products and sales and marketing approaches so that their sales are not merely a

function of the popularity of other brands. Some firms conduct marketing research to ensure

the proper match of product and licensed entity or to provide more precise sales forecasts for

effective inventory management.

**Corporate trademark licensing** is the licensing of company names, logos, or brands for use

on various, often unrelated products. For example, in the depths of a financial crisis a number

of years ago, Harley-Davidson chose to license its name—synonymous with motorcycles and

a certain lifestyle—to a polo shirt, a gold ring, and even a wine cooler. Once it regained firmer

financial footing, the company developed a much more concerted strategy, meeting with much

success as described in its 10K report in 2011.

CELEBRITY ENDORSEMENT

Using well-known and admired people to promote products is a widespread phenomenon with

a long marketing history. Even the late U.S. president Ronald Reagan was a celebrity endorser,

pitching several different products, including cigarettes, during his acting days. Some U.S. actors

or actresses who refuse to endorse products in the United States are willing to do so in

overseas markets. For example, rugged American actors Arnold Schwarzenegger (Bwain drink),

Brad Pitt (Softbank), and Harrison Ford (Kirin beer) have all done ads for brands in Japan. Although

Millward Brown estimates that celebrities show up in 15 percent of U.S. ads, that number

jumps to 24 percent for India and 45 percent for Taiwan.35

The rationale behind these strategies is that a famous person can draw attention to a brand

and shape the perceptions of the brand, by virtue of the inferences that consumers make based

on the knowledge they have about the famous person. The hope is that the celebrities’ fans will

also become fans of their products or services. The celebrity must be well enough known to improve

awareness, image, and responses for the brand.

In particular, a celebrity endorser should have a high level of visibility and a rich set of

potentially useful associations, judgments, and feelings. Ideally, he or she would be credible

in terms of expertise, trustworthiness, and likability or attractiveness, as well as having specific

associations that carry potential product relevance. One person who has done a remarkable job

building and leveraging a highly credible brand is Oprah Winfrey.

Potential Problems

Despite the potential upside of linking a celebrity endorser to a brand, there are a number

of potential problems. First, celebrity endorsers can endorse so many products that

they lack any specific product meaning or are seen as opportunistic or insincere. Although

NFL star quarterback Peyton Manning has parlayed success on the football field and

his “Aw shucks” personality into endorsement contracts for a number of different

brands— DirectTV, Gatorade, MasterCard, Oreo, Reebok, and Sprint, among others—he

runs the risk of overexposure, especially given that so many of his ads run concurrently

with the football season.38

Second, there must be a reasonable match between the celebrity and the product.39  Many

endorsements would seem to fail this test. Despite being featured in their ads, NBA star

Kobe Bryant and race car driver Danica Patrick would seem to have no logical connection to

Turkish Airlines and Go Daddy Internet domain registrar and Web hosting company, respectively.

Some better matches in recent years include comedian Bill Cosby’s playful tone for

Jell-O and champion cyclist and cancer-survivor Lance Armstrong for Bristol-Myers Squibb’s

cancer medicines.

Third, celebrity endorsers can get in trouble or lose popularity, diminishing their marketing

value to the brand, or just fail to live up to expectations. Most companies conduct background

checks before signing celebs, but that doesn’t guard against bad behavior in the future. A number

of spokespeople over the years have run into legal difficulties, personal problems, or controversies

of some form that diminished their marketing value, such as O.J. Simpson, Martha

Stewart, and Michael Jackson.40  Figure 7-5 is a rogue’s gallery of high-profile celebrity endorsement

mishaps. To broaden the appeal and reduce the risks of linking to one celebrity, some marketers

have begun to employ several different celebrities or even celebrities who are deceased

and therefore a known commodity—dead celebrities were estimated to generate $2.25 billion in

revenue in North America in 2009.41

Fourth, many consumers feel celebrities are doing the endorsement only for the money and

do not necessarily believe in or even use the brand. Even worse, some feel the fees celebrities earn

to appear in commercials add a significant and unnecessary cost to the brand. In reality, celebrities

often do not come cheap and can demand literally millions of dollars for endorsements.

Celebrities also can be difficult to work with and may not willingly follow the marketing

direction of the brand. Tennis player Andre Agassi tried Nike’s patience when—at the same time

he was advertising for Nike—he appeared in commercials for the Canon Rebel camera. In these

ads, he looked into the camera and proclaimed “Image Is Everything”—the antithesis of the “authentic

athletic performance” positioning that has been the foundation of Nike’s brand equity.

Winning the French Open, however, put Agassi back in Nike’s good graces.

Finally, as noted in Chapter 6, celebrities may distract attention from the brand in ads so that

consumers notice the stars but have trouble remembering the advertised brand. PepsiCo decided

to drop singers Beyoncé Knowles and Britney Spears from high-profi le ad campaigns when they

felt the Pepsi brand did not get the same promotion boost from the campaign that the stars were

getting. The firm decided to put the spotlight back on the product with its endorsement-free

follow-up, “Pepsi. It’s the Cola.” After signing Celine Dion for a three-year, $14 million deal,

Chrysler dumped her in the first year when commercials featuring Dion driving a Pacifi ca produced

great sales for the singer, but not for the car!

Brands can become overreliant on a celebrity. Founder and chairman Dave Thomas was an

effective pitchman for his Wendy’s restaurant chain because of his down-home, unpretentious, folksy

style and strong product focus. Recognized by over 90 percent of adult consumers, he appeared in

hundreds of commercials over a 12-year period until his death in early 2002.42  The brand struggled

for years afterward, however, trying to fi nd the right advertising approach to replace him.

Guidelines

To overcome these problems, marketers should strategically evaluate, select, and use celebrity

spokespeople. First, choose a well-known and well-defined celebrity whose associations are relevant

to the brand and likely to be transferable. For example, despite false starts for his retirement,

Brett Favre’s rugged, down-to-earth persona fits well for the backyard football games in

the “Real. Comfortable. Jeans.” Wrangler ads.

Then, there must be a logical fit between the brand and the person.43 To reduce confusion

or dilution, the celebrity ideally will not be linked to a number of other brands or be overexposed.

Popular Hong Kong actor Jackie Chan has been criticized for endorsing too many

products—from electric bikes to antivirus software to frozen dumplings and more. Unfortunately,

many of the products he has endorsed have run into problems—a shampoo was alleged

to contain carcinogens, an auto repair school was hit by a diploma scandal, and makers of both

video compact discs and an educational computer went out of business. As one Chinese editorial

commented: “He has become the coolest spokesperson in history—a man who can destroy

anything!”44

Third, the advertising and communication program should use the celebrity in a creative

fashion that highlights the relevant associations and encourages their transfer. Dennis Haysbert

has played the president of the United States in the TV series 24  and adopts a similarly stately,

reassuring tone for his spokesperson role in the “You’re in Good Hands” ads for Allstate insurance.

William Shatner’s humorous Priceline ads take a completely different tack and take advantage

of the actor’s self-deprecating, campy wit to draw attention to its discount message.

Finally, marketing research must help identify potential endorser candidates and facilitate

the development of the proper marketing program, as well as track its effectiveness.

SPORTING, CULTURAL, OR OTHER EVENTS

As Chapter 6 described, events have their own set of associations that may become linked to a

sponsoring brand under certain conditions. Sponsored events can contribute to brand equity by

becoming associated to the brand and improving brand awareness, adding new associations, or

improving the strength, favorability, and uniqueness of existing associations.47

The main means by which an event can transfer associations is credibility. A brand may

seem more likable or perhaps even trustworthy or expert by virtue of becoming linked to

an event. The extent to which this transfer takes place will depend on which events are selected

and how the sponsorship program is designed and integrated into the entire marketing

program to build brand equity. Brand Focus 7.0 discusses sponsorship strategies for the

Olympic Games. Qantas is one of the leading companies making major investments in sports

marketing.

THIRD-PARTY SOURCES

Finally, marketers can create secondary associations in a number of different ways by linking the

brand to various third-party sources. For example, the Good Housekeeping seal has been seen as

a mark of quality for decades, offering product replacement or refunds for defective products for

up to two years from purchase. Endorsements from leading magazines like PC magazine, organizations

like the American Dental Association, acknowledged experts such as film critic Roger

Ebert, or carefully selected Elite critics of the online Yelp consumer review site can obviously

improve perceptions of and attitudes toward brands.

Third-party sources can be especially credible sources. As a result, marketers often

feature them in advertising campaigns and selling efforts. J.D. Power and Associates’ wellpublicized

Customer Satisfaction Index helped to cultivate an image of quality for Japanese

automakers in the 1980s, with a corresponding adverse impact on the quality image of their

U.S. rivals. In the 1990s, they began to rank quality in other industries, such as airlines,

credit cards, rental cars, and phone service, and top-rated brands in these categories began

to feature their awards in ad campaigns. Grey Goose vodka cleverly employed a third-party

endorsement to drive sales.

REVIEW

This chapter considered the process by which other entities can be leveraged to create secondary

associations. These other entities include source factors such as the company that makes a

product, where the product is made, and where it is purchased, as well as related people, places,

or things. When they link the brand to other entities with their own set of associations, consumers

may expect that some of these same associations also characterize the brand.

Thus, independent of how a product is branded, the nature of the product itself, and

its supporting marketing program, marketers can create brand equity by “borrowing” it

from other sources. Creating secondary associations in this fashion may be quite important

if the corresponding brand associations are deficient in some way. Secondary associations

may be especially valuable as a means to link favorable brand associations that can serve as

points-of-parity or to create unique brand associations that can serve as points-of-difference in

positioning a brand.

Eight different ways to leverage secondary associations to build brand equity are linking the

brand to (1) the company making the product; (2) the country or some other geographic location

in which the product originates; (3) retailers or other channel members that sell the product;

(4) other brands, including ingredient brands; (5) licensed characters; (6) famous spokespeople

or endorsers; (7) events; and (8) third-party sources.

In general, the extent to which any of these entities can be leveraged as a source of equity

depends on consumer knowledge of the entity and how easily the appropriate associations or

responses to the entity transfer to the brand. Overall credibility or attitudinal dimensions may be

more likely to transfer than specific attribute and benefit associations, although the latter can be

transferred, too. Linking the brand to other entities, however, is not without risk. Marketers give

up some control, and managing the transfer process so that only the relevant secondary associations

become linked to the brand may be a challenge.

Chapter 9: Measuring Sources of Brand Equity: Capturing Customer Mind-Set

**Lecture note:**

**Qualitative research technique:**

Free association

Projective techniques

Zaltman metaphor elicitation technique(ZMET)

Neural research method

Brand personality and value

Ethnographic and experiential methods

Neural Research method:

Neuromarketing(神经营销学)-Study of how the brain responds marketing stimuli, including brands.

Research indicates that consumer buying decision is a unconscious habitual process.

Brand personality and values

-    Brand personality: human characteristics or traits that consumers can attribute to a brand.

-    The big five- Brand personality scale used to measure:

n   Sincerity

n   Excitement

n   Competence

n   Sophistication

n   Ruggedness

To sum up…

-       Qualitative research techniques ascertain(弄清楚) consumer perceptions that are difficult to uncover（揭示）

-       Disadvantages:

Small sample size my not necessarily generalize to broader populations

Due to qualitative nature, data is open to varied interpretations（多种解释）.

Quantitative research techniques

-    Brand awareness:

-    Brand image

-    Brand responses

-    Brand relationships

-

Hypothetical restaurant perceptual map:

Brand relationship:

-       Characterized in terms of brand resonance and measures for following key dimensions

Behavioral loyalty

Attitudinal attachment

Sense of community

  Active engagement

Video: value market share

The brand that has the highest values as compared to its competitors is the strongest brand.

9 Book note:

QUALITATIVE RESEARCH TECHNIQUES:

There are many different ways to uncover the types of associations linked to the brand and their

corresponding strength, favorability, and uniqueness. Qualitative research techniques often

identify possible brand associations and sources of brand equity. These are relatively unstructured

measurement approaches that permit a range of both questions and answers and so can

often be a useful **first step in exploring consumer brand and product perceptions:**

**Understanding Consumer Behavior:**

Who buys our product or service?

Who makes the decision to buy the product?

Who influences the decision to buy the product?

How is the purchase decision made? Who assumes what role?

What does the customer buy? What needs must be satisfied?

Why do customers buy a particular brand?

Where do they go or look to buy the product or service?

When do they buy? Any seasonality factors?

What are customers’ attitudes toward our product?

What social factors might influence the purchase decision?

Does the customers’ lifestyle influence their decisions?

How is our product perceived by customers?

How do demographic factors influence the purchase decision?

Free Association:

The simplest and often the most powerful way to profile brand associations is free association

tasks, in which subjects are asked what comes to mind when they think of the brand, without

any more specific probe or cue than perhaps the associated product category. (“What does the

Rolex name mean to you?” or “Tell me what comes to mind when you think of Rolex watches.”)

**Sample State Farm Mental Map**:

Answers to free-association questions help marketers clarify the range of possible associations

and assemble a brand profi le.7 To better understand the favorability of associations, we can

ask consumers follow-up questions about the favorability of associations they listed or, more

generally, what they like best about the brand. Similarly, we can ask them follow-up questions

about the uniqueness of associations they listed or, more generally, about what they fi nd unique

about the brand. Useful questions include the following:

1.  What do you like best about the brand? What are its positive aspects or advantages?

2.  What do you like least about the brand? What are its negative aspects or disadvantages?

3.  What do you fi nd unique about the brand? How is it different from other brands?

These simple, direct measures can be extremely valuable for determining core aspects of a

brand image. To elicit more structure and guidance, consumers can be asked further follow-up

questions about what the brand means to them in terms of the classic journalism “who, what,

when, where, why, and how” questions:

1.  Who uses the brand? What kind of person?

2.  What types of situations do they use the brand?

3.  When and where do they use the brand?

4. Why do people use the brand? What do they get out of using it?

5. How do they use the brand? What do they use it for?

Projective Techniques:

Projective techniques are diagnostic tools to uncover the true opinions and feelings of

consumers when they are unwilling or otherwise unable to express themselves on these matters.

8 Marketers present consumers with an incomplete stimulus and ask them to complete it, or

they give consumers an ambiguous stimulus and ask them to make sense of it. The idea is that

in the process consumers will reveal some of their true beliefs and feelings. Thus, projective

techniques can be especially useful when deeply rooted personal motivations or personally or

socially sensitive subjects are at issue. In psychology, the most famous example of a projective technique is the Rorschach test, in which experimenters’ present ink blots to subjects and ask them what the ink blots remind them of. In responding, subjects may reveal certain facets of their own, perhaps subconscious, personality. Psychologists also use dream analysis or probe the earliest and most defining memories a

person has on a topic.9

Completion and Interpretation Tasks. Classic projective techniques use incomplete or ambiguous

stimuli to elicit consumer thoughts and feelings. One approach is “bubble exercises,”

which depict different people buying or using certain products or services. Empty bubbles, as

in cartoons, are placed in the scenes to represent the thoughts, words, or actions of one or more

of the participants. Marketers then ask consumers to “fill in the bubble” by indicating what they

believe is happening or being said in the scene. The stories and conversations told this way can

be especially useful for assessing user and usage imagery for a brand.

Comparison Tasks. Another useful technique is comparison tasks, in which we ask consumers

to convey their impressions by comparing brands to people, countries, animals, activities,

fabrics, occupations, cars, magazines, vegetables, nationalities, or even other brands.13 For

example, we might ask consumers, “If Dannon yogurt were a car, which one would it be? If

it were an animal, which one might it be? Looking at the people depicted in these pictures,

which ones do you think would be most likely to eat Dannon yogurt?” In each case, we would

ask a follow-up question about why subjects made the comparison they did. The objects people

choose to represent the brand and their reasons can provide glimpses into the psyche of the consumer

with respect to a brand, particularly useful in understanding imagery associations.

By examining the answers to probes, researchers may be better able to assemble a rich image

for the brand, for example, identifying key brand personality associations. Branding Brief 9-3

outlines how Gordon Ramsay actively courts media and controversy to create interest and excitement

in Gordon Ramsay the brand, projected onto his restaurants worldwide.

Archetypes(典型原型). Archetype research is one technique for eliciting deeply held consumer attitudes

and feelings. According to cultural anthropologist G. C. Rapaille, consumers often make purchase

decisions based on factors of which they are only subconsciously aware. Conventional

market research typically does not uncover these motivations, so Rapaille employs the archetype

research technique to find them.14 Rapaille believes children experience a significant initial exposure to an element of their world called the “imprinting moment.” The pattern that emerges when we generalize these imprinting moments for the entire population is the archetype, a fundamental psychological association, shared by the members of the culture, with a given cultural object. Different cultures have dramatically different archetypes for the same objects. In France, the archetype for cheese is “alive” because age is its

most important trait. By contrast, the U.S. archetype for cheese is “dead”; it is wrapped in plastic

(“a body-bag”), put in the refrigerator (“a morgue”), and pasteurized (“scientifically dead”).

Rapaille uses relaxation exercises and visualization with consumers to find the imprinting

moments appropriate to the product he is researching. For example, at a focus group, he will dim

the lights, play soothing music, and coax the subjects into a meditative state. He will then elicit

stories about the product from the subjects and analyze these stories to illuminate the archetype.

Zaltman Metaphor Elicitation Technique：

One interesting approach to better understand how consumers view brands is the Zaltman Metaphor

Elicitation Technique (ZMET).15 ZMET is based on a belief that consumers often have

subconscious motives for their purchasing behavior. “A lot goes on in our minds that we’re not

aware of,” said former Harvard Business School professor Gerald Zaltman. “Most of what infl uences

what we say and do occurs below the level of awareness. That’s why we need new techniques

to get at hidden knowledge—to get at what people don’t know they know.”

The interview consists of a series of steps, each with a specifi c purpose in mind:

1. Storytelling:  Exploring individual visual metaphors

2. Expand the Frame:  Expanding the metaphoric meaning of images

3. Sensory Metaphor:  Eliciting metaphors about the research topic from each sensory modality

4. Vignette:  Using the mind’s eye to create a short story about the research topic

5. Digital Image:  Integrating the images to create a visual summary of the research topic

ZMET has been applied in a variety of different ways, including as a means to help understand

consumers’ images of brands, products, and companies. Marketers can employ ZMET for

a variety of consumer-insight research topics. Zaltman lists several of these:

ZMET is useful in understanding consumers’ images of brands, products, companies,

brand equity, product concepts and designs, product usage and purchase experiences,

life experiences, consumption context, and attitudes toward business.

Neural Research Methods：

Neuromarketing is the study of how the brain responds to marketing stimuli, including brands.16  For example, some firms are applying sophisticated techniques such as EEG (elector encephalograph) technology to monitor brain activity and better gauge consumer responses to marketing.

One major research fi nding to emerge from neurological consumer research is that many

purchase decisions appear to be characterized less by the logical weighing of variables and more

“as a largely unconscious habitual process, as distinct from the rational, conscious, informationprocessing

model of economists and traditional marketing textbooks.”

Brand Personality and Values：

brand personality is the human characteristics or traits that consumers

can attribute to a brand. We can measure it in different ways. Perhaps the simplest and most direct

way is to solicit open-ended responses to a probe（探索） such as the following:

If the brand were to come alive as a person, what would it be like? What would it do?

Where would it live? What would it wear? Who would it talk to if it went to a party

(and what would it talk about)?

**brand personality and user imagery may not always agree.**

The Big Five：

We can assess brand personality more defi nitively through adjective checklists

or ratings. Jennifer Aaker conducted a research project that provides an interesting glimpse into

the personality of a number of well-known brands, as well as a methodology to examine the

personality of any one brand. Based on an extensive data collection of ratings of 114 personality

traits on 37 brands in various product categories by over 600 individuals representative of the

U.S. population, she created a brand personality scale that refl ected the following fi ve factors

(with underlying facets) of brand personality:22

1.  Sincerity (down-to-earth, honest, wholesome, and cheerful)

2.  Excitement (daring, spirited, imaginative, and up-to-date)

3.  Competence (reliable, intelligent, and successful)

4.  Sophistication (upper class and charming)

5.  Ruggedness (outdoorsy and tough)

Ethnographic and Experiential Methods：

Brand Personality Scale Measures：

**Tips for Conducting Good Customer Visits：**

1. Send an advance letter of confirmation with an agenda so customers

know what to expect and can be prepared.

2. Send small cross-functional teams.

3. Select customers according to a plan and visit at least a dozen.

4. Don’t keep going back to the same small group of favorite customers.

5. Interview people at each site who represent each stage of the purchasing decision.

6. Get support from local account management.

7. Use a two- to three-page discussion guide in outline form.

8. Assign roles to team members (moderator, listener, note taker, etc.).

9. Use open-ended questions.

10. Don’t ask customers to give solutions—get them to identify problems.

11. Don’t talk too much and don’t show off your expertise.

12. Probe deeper by using follow-up questions.

13. Debrief immediately.

14. Highlight verbatim quotes in reports.

15. A summary report should emphasize big news and be organized by major themes.

16. Archive the report online with other marketing research and intelligence.

Summary

Qualitative research techniques are a creative means of ascertaining consumer perceptions that

may otherwise be difficult to uncover. The range of possible qualitative research techniques is

limited only by the creativity of the marketing researcher.

Qualitative research, however, also has its drawbacks. The in-depth insights that emerge

have to be tempered by the realization that the samples are often very small and may not necessarily

generalize to broader populations. Moreover, given the qualitative nature of the data,

there may be questions of interpretation. Different researchers examining the same results from

a qualitative research study may draw different conclusions.

QUANTITATIVE RESEARCH TECHNIQUES：

Although qualitative measures are useful in identifying the range of possible associations with a

brand and some initial insights into their strength, favorability, and uniqueness, marketers often

want a more definitive portrait of the brand to allow them to make more confident and defensible

strategic and tactical recommendations. Some say qualitative research strives to uncover and discover, while quantitative research aims to prove or disprove. Whereas qualitative research typically elicits some type of verbal response from consumers, quantitative research typically employs various types of scale questions from which researchers can draw numerical representations and summaries.

**Quantitative** measures of brand knowledge can help to more definitively assess the depth

and breadth of brand awareness; the strength, favorability, and uniqueness of brand associations;

the positivity of brand judgments and feelings; and the extent and nature of brand relationships.

Quantitative measures are often the primary ingredient in tracking studies that monitor brand

knowledge structures of consumers over time, as we discussed in Chapter 8.

Brand Awareness：

Recall that brand awareness is related to the strength of the brand in memory, as reflected by

consumers’ ability to identify various brand elements like the brand name, logo, symbol, character,

packaging, and slogan under different conditions. Brand awareness describes the likelihood

that a brand will come to mind in different situations, and the ease with which it does so given

different types of cues.

Marketers use several measures of awareness of brand elements.39 Choosing the right one

is a matter of knowing the relative importance of brand awareness for consumer behavior in

the category and the role it plays in the success of the marketing program, as we discussed in

Chapter 2. Let’s look at some of these awareness issues.

Recognition. Brand recognition requires consumers to identify the brand under a variety of circumstances

and can rest on the identification of any of the brand elements. The most basic recognition

test gives consumers a set of individual items visually or orally and asks them whether they think

they’ve previously seen or heard of these items.

Recall. To demonstrate brand recall, consumers must retrieve the actual brand element from

memory when given some related probe or cue. Thus, brand recall is a more demanding memory

task than brand recognition because consumers are not just given a brand element and asked to

say whether they’ve seen it before. Different measures of brand recall are possible depending on the type of cues provided to consumers. **Unaided recall**（无辅助回忆度） on the basis of “all brands” provided as a cue is likely to identify only the very strongest brands. **Aided recall**(辅助回忆法)uses various types of cues to help consumer recall. One possible sequence of aided recall might use progressively narrower cues—such as product class, product category, and product type labels—to provide insight into the organization of consumers’ brand knowledge structures.

Corrections for Guessing. Any research measure must consider the issue of consumers making

up responses or guessing. That problem may be especially evident with certain types of

aided awareness or recognition measures for the brand. Spurious awareness occurs when consumers

erroneously claim they recall something they really don’t and that may not even exist.

Strategic Implications. The advantage of **aided recall measures** is that they yield insight into

how brand knowledge is organized in memory and what kind of cues or reminders may be necessary

for consumers to be able to retrieve the brand from memory. Understanding recall when we use different levels of product category specificity as cues is important, because it has implications（含义） for how consumers form consideration sets and make product decisions.

**Brand Image**

One vitally important aspect of the brand is its image, as reflected by the associations that consumers

hold for it. It is useful for marketers to make a distinction between lower-level considerations,

related to consumer perceptions of specific performance and imagery attributes and

benefits, and higher-level considerations related to overall judgments, feelings, and relationships.

There is an obvious connection between the two levels, because consumers’ overall responses

and relationship with a brand typically depend on perceptions of specific attributes and benefits

of that brand. This section considers some issues in measuring lower-level brand performance

and imagery associations. **Beliefs** are descriptive thoughts that a person holds about something (for instance, that a particular software package has many helpful features and menus and is easy to use).42

Brand association beliefs are those specific attributes and benefits linked to the brand and its

competitors.

As a first cut, we can use open-ended measures that tap into the strength, favorability, and

uniqueness of brand associations, as follows:

1.  What are the strongest associations you have to the brand? What comes to mind when you

think of the brand? (Strength)

2.  What is good about the brand? What do you like about the brand? What is bad about the

brand? What do you dislike about the brand? (Favorability)

3.  What is unique about the brand? What characteristics or features does the brand share with

other brands? (Uniqueness)

**Example of Brand Association Ratings in Terms of Strength, Favorability, and Uniqueness：**

1. To what extent do you feel the following product characteristics are descriptive of

Lipton iced tea (where 1 = strongly disagree and 7 = strongly agree)?

convenient

refreshing and thirst quenching

real and natural

good-tasting

contemporary and relevant

used by young professionals

2. How good or bad is it for iced tea to have the following product characteristics

(where 1 = very bad and 7 = very good)?

convenient

refreshing and thirst quenching

real and natural

good-tasting

contemporary and relevant

used by young professionals

3. How unique is Lipton iced tea in terms of the following product characteristics

(where 1 = not at all unique and 7 = highly unique)?

convenient

refreshing and thirst quenching

real and natural

good-tasting

contemporary and relevant

used by young professionals

Other Approaches. A more complicated quantitative technique to assess overall brand

uniqueness is multidimensional scaling, or perceptual maps. **Multidimensional scaling** (MDS)

is a procedure for determining the perceived relative images of a set of objects, such as products

or brands. MDS transforms consumer judgments of similarity or preference into distances

represented in perceptual space.

Brand Responses

The purpose of measuring more general, higher-level considerations is to find out how consumers

combine all the more specific, lower-level considerations about the brand in their minds to

form different types of brand responses and evaluations. Chapter 2 provided examples of measures

of key brand judgments and feelings. Here we delve into more detail.

Purchase Intentions. Another set of measures closely related to brand attitudes and consideration

looks at purchase intentions44 and focus on the likelihood of buying the brand or of switching

to another brand. Research in psychology suggests that purchase intentions are most likely to

be predictive of actual purchase when there is correspondence between the two in the following

dimensions:45

**Hypothetical Restaurant Perceptual Map:**

• Action (buying for own use or to give as a gift)

• Target (specific type of product and brand)

• Context (in what type of store based on what prices and other conditions)

• Time (within a week, month, or year)

Likelihood to Recommend. Bain’s Frederick Reichheld suggests there is only one customer

question that really matters: “How likely is it that you would recommend this product or service

to a friend or colleague?” According to Reichheld, a customer’s willingness to recommend

results from all aspects of a customer’s experience.46 Reicheld uses answers to this question to create what he calls a Net Promoter Score (NPS).

Brand Relationships:

Behavioral Loyalty. To capture reported brand usage and behavioral loyalty, we could ask

consumers several questions directly. Or we could ask them what percentage of their last purchases

in the category went to the brand (past purchase history) and what percentage of their

planned next purchases will go to the brand (intended future purchases). For example, the

marketers or brand managers of Duracell batteries might ask the following questions:

• Which brand of batteries do you usually buy?

• Which brand of batteries did you buy last time?

• Do you have any batteries on hand? Which brand?

• Which brands of batteries did you consider buying?

• Which brand of batteries will you buy next time?

These types of questions can provide information about brand attitudes and usage for Duracell,

including potential gaps with competitors and the names of other brands that might be in the

consideration set at the time of purchase.

**A Brand Engagement Scale:**

1. I have a special bond with the brands I like.

2. I consider my favorite brands to be part of myself.

3. I often feel a personal connection between my brands and me.

4. Part of me is defined by important brands in my life.

5. I feel as if I have a close personal connection with the brands I most prefer.

6. I can identify with important brands in my life.

7. There are links between the brands that I prefer and how I view myself.

8. My favorite brands are an important indication of who I am.

Attitudinal Attachment. Several different approaches have been suggested to measure the

second component of brand resonance—**brand attachment** (品牌依恋).48 Some researchers like to characterize it in terms of brand love.49 One study proposed a brand love scale that consists of 10 items:

(1) This is a wonderful brand; (2) This brand makes me feel good; (3) This brand is totally awesome;

(4) I have neutral feelings about this brand (reverse-coded item); (5) This brand makes me very

happy; (6) I love this brand; (7) I have no particular feelings about this brand (reverse-coded item);

(8) This brand is a pure delight; (9) I am passionate about this brand; and (10) I am very attached to

this brand.50

Another study found 11 dimensions that characterized brand love:51

1. Passion (for the brand).

2. Duration of the relationship (the relationship with the brand exists for a long time).

3. Self-congruity (congruity between self-image and product image).

4. Dreams (the brand favors consumer dreams).

5. Memories (evoked by the brand).

6. Pleasure (that the brand provides to the consumer).

7. Attraction (feel toward the brand).

8. Uniqueness (of the brand and/or of the relationship).

9. Beauty (of the brand).

10. Trust (the brand has never disappointed).

11. Declaration of affect (feel toward the brand).

One promising approach defines brand attachment in terms of two underlying constructs—

brand-self connections and brand prominence—where each of those two dimensions have two

subdimensions, suggesting the following sets of measures:52

1. Brand-Self Connection

a. Connected : “To what extent do you feel that you are personally connected to (Brand)?”

b. Part of Who You Are : “To what extent is (Brand) part of you and who you are?”

2. Brand Prominence品牌知名度

a. Automatic : “To what extent are your thoughts and feelings towards (Brand) often automatic,

coming to mind seemingly on their own?”

b. Naturally : “To what extent do your thoughts and feelings towards (Brand) come to you

naturally and instantly?”

**Vivaldi Partners’ Social Currency Model**

Active Engagement.：

According to the brand resonance model, active engagement for a brand

is defined as the extent to which consumers are willing to invest their own personal resources—

time, energy, money, and so on—on the brand beyond those resources expended during purchase

or consumption of the brand. For example, in terms of engagement, in-depth measures could explore word-of-mouth behavior, online behavior, and so forth. For online behavior, measures could explore the

extent of customer-initiated versus fi rm-initiated interactions, the extent of learning and

teaching by the customer versus by the fi rm, the extent of customers teaching other customers,

and so on.53

Fournier’s Brand Relationship Research. Boston University’s Susan Fournier argues

that brands can and do serve as viable relationship partners, and she suggests a reconceptualization

of the notion of brand personality within this framework.56 Specifically, the

everyday execution of marketing mix decisions constitutes a set of behaviors enacted on the

part of the brand. These actions trigger a series of inferences regarding the implicit contract

that appears to guide the engagement of the consumer and brand and, hence, the type of

relationship formed. Brand personality as conceptualized within this framework describes the relationship role enacted by the brand in its partnership capacity. For example, if the brand expresses behaviors

that signal commitment to the consumer, and further if it sends gifts as symbols of affection, the

consumer may infer a courtship or marriage type of engagement with the brand.

Fournier identifies a typology of 15 different relationship types characterizing consumers’

engagement with brands (see Figure 9-11). Fournier argues that this relationship role

view of brand personality provides more actionable guidance to managers who wish to create

and manage their brand personalities in line with marketing actions than does the trait-based

**A Typology of Consumer-Brand Relationships：**

The six main facets of **brand relationship quality** are as follows:

• **Interdependence**:  The degree to which the brand is ingrained in the consumer’s daily

course of living, both behaviorally (in terms of frequency, scope, and strength of interactions)

and cognitively (in terms of longing for and preoccupation with anticipated brand

interactions). Interdependence is often revealed through the presence of routinized behavioral

rituals surrounding brand purchase and use, and through separation anxiety experienced

during periods of product deprivation. At its extremes, interdependence becomes

dependency and addiction.

• **Self-concept connection**:  The degree to which the brand delivers on important identity

concerns, tasks, or themes, thereby expressing a signifi cant part of the self-concept, both

past (including nostalgic references and brand memories) and present, and personal as

well as social. Grounding of the self provides feelings of comfort, connectedness, control,

and security. In its extreme form, self-connection refl ects integration of concepts of

brand and self.

• **Commitment**:  Dedication to continued brand association and betterment of the relationship,

despite circumstances foreseen and unforeseen. Commitment includes professed faithfulness

and loyalty to the other, often formalized through stated pledges and publicized intentions.

Commitment is not defi ned solely by sunk costs and irretrievable investments that

pose barriers to exit.

• **Love/passion**:  Affi nity toward and adoration of the brand, particularly with respect to

other available alternatives. The intensity of the emotional bonds joining relationship

partners may range from feelings of warmth, caring, and affection to those of true passion.

Love includes the belief that the brand is irreplaceable and uniquely qualifi ed as a

relationship partner.

• **Intimacy**:  A sense of deep familiarity with and understanding of both the essence of the

brand as a partner in the relationship and the nature of the consumer-brand relationship

itself. Intimacy is revealed in the presence of a strong consumer-brand relationship culture,

the sharing of little-known personal details of the self, and an elaborate brand memory

containing signifi cant experiences or associations. Intimacy is a two-dimensional concept:

the consumer develops intimate knowledge of the brand, and also feels a sense of intimacy

exhibited on the part of the brand toward the individual as a consumer.

• **Partner quality**:  Perceived partner quality involves a summary judgment of the caliber

of the role enactments performed by the brand in its partnership role. Partner quality includes

three central components: (1) an empathic orientation toward the other (ability of

the partner to make the other feel wanted, cared for, respected, noticed, and important; responsiveness

to needs); (2) a character of reliability, dependability, and predictability in the

brand; and (3) trust or faith in the belief that the brand will adhere to established relationship

rules and be held accountable for its actions.

COMPREHENSIVE MODELS OF CONSUMER-BASED

BRAND EQUITY：

The customer-based brand equity model presented in this text provides a comprehensive,

cohesive overview of brand building and brand equity. Other researchers and consultants have

also put forth consumer-based brand equity models that share some of the same principles and

philosophy as the CBBE model, although developed in a different way. Brand Focus 9.0 presents

a detailed account of arguably the most successful and influential industry branding model,

Young and Rubicam’s BrandAsset Valuator. Another influential model is Millward Brown’s

BrandDynamics.

Brand Dynamics（品牌动态）

Marketing research agency Millward Brown’s BrandDynamics model offers a graphical

model to represent the emotional and functional strength of relationship consumers have with a brand.

Bonding（黏结）

Advantage

Performance

Relevance

Presence

We can easily relate the five sequenced stages of Millward Brown’s BrandDynamics

model—presence, relevance, performance, advantage, and bonding—to the four ascending

steps of the CBBE model (identity, meaning, responses, and relationships) and specific

CBBE model concepts (such as salience, consideration, performance or quality, superiority,

and resonance).

REVIEW

According to the brand value chain, sources of brand equity arise from the customer mind-set.

In general, measuring sources of brand equity requires that the brand manager fully understand

how customers shop for and use products and services and, most important, what customers

know, think, and feel about various brands. In particular, measuring sources of customer-based

brand equity requires measuring various aspects of brand awareness and brand image that lead

to the customer response that creates brand equity.

This chapter described both **qualitative and quantitative** approaches to measure consumers’

brand knowledge structures and identify potential sources of brand equity—that is,

measures to capture the customer mind-set. **Qualitative research techniques** are a means to

identify possible brand associations. **Quantitative research** techniques are a means to better

approximate the breadth and depth of brand awareness; the strength, favorability, and

uniqueness of brand associations; the favorability of brand responses; and the nature of brand

relationships. Because of their unstructured nature, qualitative measures are especially well

suited to provide an in-depth glimpse of what brands and products mean to consumers. To

obtain more precise and generalizable information, however, marketers typically use quantitative

scale measures.

Figure 9-13 **summarizes some of the different types of measures that were discussed in**

**the chapter.**

I. **Qualitative Research Techniques**

Free association

Adjective ratings and checklists

Projective techniques

Photo sorts

Bubble drawings

Story telling

Personification exercises

Role playing

Experiential methods

II. **Quantitative Research Techniques**

A. Brand Awareness

Direct and indirect measures of brand recognition

Aided and unaided measures of brand recall

B. Brand Image

Open-ended and scale measures of specific brand attributes and benefits

Strength

Favorability

Uniqueness

Overall judgments and feelings

Overall relationship measures

Intensity

Activity

Chapter 10 measuring outcomes of brand equity: capturing market performance

**Lecture note:**

Video: our most popular products for conjoint or related tradeoff analysis

-       CBC(choice-based conjoint)

(including an adaptive variant: ACBC)

-       MaxDiff(Maximum Difference scaling...also Known as best/worst scaling)

-       Together with a powerful survey softare platform for asking the rest of the questions in your survey(SSIWeb)

**Brand-Based Comparative approaches**

-       Competitive brands used as benchmarks(基准) by consumers

**Exemplar**(模范典范): Category leader or some other brand that consumers feel is representative of the category, like their most preferred brand.

-       Applications

-       Critique

**Valuation approaches:**

Accounting background

Historical perspectives

General approaches

Simon and sullivan’s brand Equity value

Interbrand’s brand valuation methodology

**To sum up:**

-       Brand valuation and the “brands on the balance sheet” debate are controversial subjects

-       Limitations of valuation approaches

Require much judgmental data and thus contain much subjectivity(主观性)

Intangible assets are not always synonymous（同类的） with brand equity

Methods sometimes defy（蔑视）common sense

Strength of the brand measures may be confounded（糊涂的） with the strength of the company

**Product profiles for conjoint analysis application:**

**书上叫**Measures of Outcomes of Brand Equity

Comparative methods: Use experiments that examine consumer attitudes

and behavior toward a brand, to more directly assess the benefits arising

from having a high level of awareness and strong, favorable, and unique

brand associations.

• Brand-based comparative approaches: Experiments in which one group

of consumers responds to an element of the marketing program when

it is attributed to the brand and another group responds to that same

element when it is attributed to a competitive or fictitiously named

brand.

• Marketing-based comparative approaches: Experiments in which

consumers respond to changes in elements of the marketing program

for the brand or competitive brands.

• Conjoint analysis: A survey-based multivariate technique that enables

marketers to profile the consumer buying decision process with respect ppt 到这里结束

to products and brands.

Holistic methods: Attempt to place an overall value on the brand in either

abstract utility terms or concrete financial terms. Thus, holistic methods

attempt to “net out” various considerations to determine the unique

contribution of the brand.

• Residual approach: Examines the value of the brand by subtracting out

from overall brand preferences consumers’ preferences for the brand

based on physical product attributes alone.

• Valuation approach: Places a financial value on the brand for

accounting purposes, mergers and acquisitions, or other such reasons.

**Guidelines for creating and measuring ROI from brand marketing activities:**

-       Spend wisely

Focus and be creative

-       Look for benchmarks

Examine competitive spending levels and historical company norms

-       Be strategic

Apply brand equity models

-       Be observant

Track both formally and informally

To Sum Up…

-       Single measure of brand equity provide at best a one-or two dimensional view of a brand

-       No single number or measure fully captures brand equity

-       There are many different sources of, and outcomes from, brand equity, depending on the marketers’ skill and ingenuity.

Comparative methods

-    Brand-based comparative approaches: (blind testing)

-    Marketing-based comparative approaches:  a long academic and industry tradition of exploring price premiums using marketing-based comparative approaches.

-    Conjoint analysis: a survey based

Marketing-based comparative approaches

-    Hold the brand fixed and examine consumer response based on changes in the marketing program.

-    Applications

-    Critique

Mazda commercial with a dog. The dog only goes with the most safe and comfortable automobile.

Deaf playing violin: Pantene shampoo commercial

10 Book note:

**Comparative methods** are research studies or experiments that examine consumer attitudes and

behavior toward a brand to directly estimate specific benefits arising from having a high level

of awareness and strong, favorable, and unique brand associations. There are two types of comparative

methods.

• **Brand-based comparative approaches** use experiments in which one group of consumers

responds to an element of the marketing program or some marketing activity when it is

attributed to the target brand, and another group responds to that same element or activity

when it is attributed to a competitive or fictitiously named brand.

•  **Marketing-based comparative approaches** use experiments in which consumers respond to

changes in elements of the marketing program or marketing activity for the target brand or

competitive brands.

The **brand-based approach** holds the marketing program fixed and examines consumer response

based on changes in brand identification, whereas the **marketing-based approach** holds

the brand fixed and examines consumer response based on changes in the marketing program.

We’ll look at each of these two approaches in turn and then describe conjoint analysis as a technique

that, in effect, combines the two.

**比较法（comparative methods）**:主要用来测试消费者对于某一品牌的态度和行为。比较法分为两种品牌比较法和营销比较法。**品牌比较法（brand-based comparative approaches）**是采用实验法形式，让一组消费者对目标品牌的营销项目要素或者一些营销活动作出反应，让另一种消费者对竞争品牌或者虚构品牌中相同的营销项目要素或者营销活动作出反应。**营销比较法（marketing-based comparative approaches）**采用的实验是，让消费者对目标品牌或者竞争品牌的营销项目要素或者营销活动的变化作出反应。在品牌比较法中，营销项目保持不变，着重测试消费者对品牌识别的变化反应；而在营销比较法中，品牌保持不变，着重测试消费者对于营销项目变化作出的反应。

品牌比较法还可以用来检测品牌资产从利润和高价中获得的收益。营销比较法是学术界和实践界长期采用的研究溢价的方法。

Brand-Based Comparative Approaches

Competitive brands can be useful benchmarks in brand-based comparative approaches. Although

consumers may interpret marketing activity for a fictitiously named or unnamed version of the

product or service in terms of their general product category knowledge, they may also have a

particular brand, or exemplar, in mind. This **exemplar** may be the category leader or some other

brand that consumers feel is representative of the category, like their most preferred brand. Consumers

may make inferences to supply any missing information based on their knowledge of this

particular brand. Thus, it may be instructive to examine how consumers evaluate a proposed new

ad campaign, new promotion offering, or new product when it is also attributed to one or more

major competitors.

Applications. The classic example of the brand-based comparative approach is “blind testing”

research studies in which different consumers examine or use a product with or without

brand identification. One natural application of the brand-based comparative approach is product purchase

or consumption research for new or existing products, as long as the brand identification

can be hidden in some way for the “unbranded” control group. Brand-based comparative

approaches are also useful to determine brand equity benefits related to price margins and

premiums.

Critique. **The main advantage of a brand-based comparative approach** is that because it

holds all aspects of the marketing program fixed for the brand, it isolates the value of a

brand in a very real sense. Understanding exactly how knowledge of the brand affects consumer

responses to prices, advertising, and so forth is extremely useful in developing strategies

in these different areas. At the same time, we could study an almost infinite variety of

marketing activities, so what we learn is limited only by the number of different applications

we examine.

Brand-based comparative methods are particularly applicable when the marketing activity

under consideration represents a change from past marketing of the brand, for example,

a new sales or trade promotion, ad campaign, or proposed brand extension. If the marketing

activity under consideration is already strongly identified with the brand––like an ad campaign

that has been running for years––it may be difficult to attribute some aspect of the

marketing program to a fictitiously named or unnamed version of the product or service in a

believable fashion.

Thus, a crucial consideration with the brand-based comparative approach is the realism we

can achieve in the experiment. We usually have to sacrifice some realism in order to gain sufficient

control to isolate the effects of brand knowledge. When it is too difficult for consumers to

examine or experience some element of the marketing program without being aware of the brand,

we can use detailed concept statements of that element instead. For example, we can ask consumers

to judge a proposed new product when it is either introduced by the firm as a brand extension

or introduced by an unnamed firm in that product market. Similarly, we can ask about acceptable

price ranges and store locations for the brand name product or a hypothetical unnamed version.

One concern about brand-based comparative approaches is that the simulations and concept

statements may highlight the particular product characteristics enough to make them more

salient than they would otherwise be, distorting the results.

Marketing-Based Comparative Approaches

Marketing-based comparative approaches hold the brand fixed and examine consumer response

based on changes in the marketing program.

Applications. There is a long academic and industry tradition of exploring price premiums

using marketing-based comparative approaches. In the mid-1950s, Edgar Pessemier developed

a dollar-metric measure of brand commitment that relied on a step-by-step increase of the price

difference between the brand normally purchased and an alternative brand.7 To reveal brandswitching

and loyalty patterns, Pessemier plotted the percentage of consumers who switched

from their regular brand as a function of the brand price increases.

A number of marketing research suppliers have adopted variations of this approach to derive

similar types of demand curves, and many firms now try to assess price sensitivity and

willingness-to-pay thresholds for different brands.8 For example, Intel would routinely survey

computer shoppers to find out how much of a discount they would require before switching to

a personal computer that did not have an Intel microprocessor in it (say, an AMD chip) or, conversely,

what premium they would be willing to pay to buy a personal computer that did have an

Intel microprocessor in it.

We can apply marketing-based comparative approaches in other ways, assessing consumer

response to different advertising strategies, executions, or media plans through multiple test

markets. For example, SymphonyIRI’s electronic test markets and similar research methodologies

can permit tests of different advertising weights or repetition schedules as well as ad copy

tests. By controlling for other factors, we can isolate the effects of the brand and product. Recall

from Chapter 2 how Anheuser-Busch conducted an extensive series of test markets that revealed

that Budweiser beer had such a strong image with consumers that advertising could be cut, at

least in the short run, without hurting sales performance.

Marketers can also explore potential brand extensions by collecting consumer evaluations

of a range of concept statements describing brand extension candidates. For example,

Figure 10-1 displays the results of a consumer survey conducted at one time to examine reactions

to hypothetical extensions of the Planters nuts brand. Contrasting those extensions provides

some indication of the equity of the brand.

In this example, the survey results suggested that consumers expected any Planters brand

extension to be “nut-related.” Appropriate product characteristics for a possible Planters brand

extension seemed to be “crunchy,” “sweet,” “salty,” “spicy,” and “buttery.” In terms of where in

the store consumers would have expected to find new Planters products, the snack and candy

sections seemed most likely. On the other hand, consumers did not seem to expect to find new

Planters products in the breakfast food aisle, bakery product section, refrigerated section, or

frozen food section.

Critique. **The main advantage of the marketing-based comparative approach** is ease of implementation(成就). We can compare virtually any proposed set of marketing actions for the brand. At the same time, the main drawback is that it may be difficult to discern（分辨出） whether consumer responses to changes in the marketing stimuli are being caused by brand knowledge or by more generic

product knowledge. In other words, it may be that for any brand in the product category, consumers

would be willing to pay certain prices, accept a particular brand extension, and so forth.

One way to determine whether consumer response is specific to the brand is to conduct similar

tests of consumer response with competitive brands. A statistical technique well suited to do just

that is described next.

Conjoint Analysis

Conjoint analysis is a survey-based multivariate technique that enables marketers to profile the

consumer decision process with respect to products and brands.9 Specifically, by asking consumers

to express preferences or choose among a number of carefully designed product profiles,

researchers can determine the trade-offs consumers are making between various brand attributes,

and thus the importance they are attaching to them.10

Each profile consumers see is made up of a set of attribute levels chosen on the basis of

experimental design principles to satisfy certain mathematical properties. The value consumers

attach to each attribute level, as statistically derived by the conjoint formula, is called a **part**

**worth**. We can use the part worths in various ways to estimate how consumers would value a

new combination of the attribute levels. For example, one attribute is the brand name. The part

worth for the “brand name” attribute reflects its value.

**联合分析法（conjoint analysis）**：是基于调查的多远变量分析法，它使营销者能够描绘出产品和品牌相关的消费者购买决策过程。 具体方法是：营销研究人员通过询问消费者的偏好，或者让其在很多精心设计的产品中作出选择，了解消费者在不同品牌的属性之间所作出的权衡，从而得出消费者对品牌属性的重视程度。过程：判断哪些属性与顾客相关；将这些属性按重要性排序；对改善的成本进行评估；确定形象目标优先级，从而改进消费者的看法方面能够获得最大的收益。

Applications. Conjoint analysis has a number of possible applications. In the past, Ogilvy

& Mather ad agency used a brand/price trade-off methodology as a means of assessing advertising

effectiveness and brand value.13 Brand/price trade-off is a simplified version of

conjoint measurement with just two variables––brand and price. Consumers make a series

of simulated purchase choices between different combinations of brands and prices. Each

choice triggers an increase in the price of the selected brand, forcing the consumer to choose

between buying a preferred brand and paying less. In this way, consumers reveal how much

their brand loyalty is worth and, conversely, which brands they would relinquish for a lower

price.

Academic researchers with an interest in brand image and equity have used other variations

and applications of conjoint analysis. For example, Rangaswamy, Burke, and Oliva

use conjoint analysis to explore how brand names interact with physical product features to

affect the extendability of brand names to new product categories.14  Barich and Srinivasan

apply conjoint analysis to corporate image programs, to show how it can determine the

company attributes relevant to customers, rank the importance of those attributes, estimate

the costs of making improvements (or correcting customer perceptions), and prioritize image

goals to obtain the maximum benefit, in terms of improved perceptions, for the resources

spent.

Critique. **The main advantage of the conjoint-based approach** is that it allows us to study

different brands and different aspects of the product or marketing program (product composition,

price, distribution outlets, and so on) simultaneously. Thus, we can uncover information

about consumers’ responses to different marketing activities for both the focal and competing

brands. One of the disadvantages of conjoint analysis is that marketing profiles may violate consumers’

expectations based on what they already know about brands. Thus, we must take care

that consumers do not evaluate unrealistic product profiles or scenarios. It can also be difficult to

specify and interpret brand attribute levels, although some useful guidelines have been put forth

to more effectively apply conjoint analysis to brand positioning.16

HOLISTIC METHODS

We use comparative methods to approximate specific benefits of brand equity. Holistic methods

place an overall value on the brand in either abstract utility terms or concrete financial terms.

Thus, holistic methods attempt to “net out” various considerations to determine the unique contribution

of the brand. The **residual approach** examines the value of the brand by subtracting

consumers’ preferences for the brand––based on physical product attributes alone––from their

overall brand preferences. The **valuation approach** places a financial value on brand equity for

accounting purposes, mergers and acquisitions, or other such reasons.

**整体法（holistic  methods）**通过抽象的效用或者具体的财务数据估算整个品牌的价值。包括剩余法和估价法。

**剩余法（residual approaches）**：通过从消费者的品牌总偏好中减去由于品牌物理属性产生的品牌偏好，来检测品牌的价值。具体方法是：通过观察消费者的偏好和选择推断品牌的相对价值，只要能尽可能多的将测得的属性价值纳入考虑范围。一些研究者将品牌资产定义为相对品牌产品的偏好增量。

**估价法（valuation approaches）**：为品牌资产赋予的经济价值，以满足会计、合并、兼并或其他要求。主要的品牌估价法是成本法、市场法、收入法。

Residual Approaches

The rationale behind residual approaches is the view that brand equity is what remains of consumer

preferences and choices after we subtract physical product effects. The idea is that we can

infer the relative valuation of brands by observing consumer preferences and choices if we take

into account as many sources of measured attribute values as possible. Several researchers have

defined brand equity as the incremental preference over and above what would result without

brand identification. In this view, we can calculate brand equity by subtracting preferences for

objective characteristics of the physical product from overall preference.18

Scanner Panel

Choice Experiments

Multi-Attribute Attitude Models

Critique. Residual approaches provide a useful benchmark for interpreting brand equity, especially

when we need approximations of brand equity or a financially oriented perspective on

it. The disadvantage of residual approaches is that they are most appropriate for brands with a

lot of product-related attribute associations, because these measures are unable to distinguish

between different types of non-product-related attribute associations. Consequently, the residual

approach’s diagnostic value for strategic decision making in other cases is limited.

More generally, residual approaches take a fairly static view of brand equity by focusing on

consumer preferences. This contrasts sharply with the process view advocated by the customerbased

brand equity framework. The brand-based and marketing-based comparative approaches

stress looking at consumer response to the marketing of a brand and attempting to uncover the

extent to which that response is affected by brand knowledge.

This distinction is also relevant for the issue of “separability” in brand valuation that various

researchers have raised. For example, Barwise and his colleagues note that marketing efforts to

create an extended or augmented product, say, with extra features or service plus other means to

enhance brand value, “raise serious problems of separating the value of the brand name and trademark

from the many other elements of the ‘augmented’ product.”26 According to customer-based

brand equity, those efforts could affect the favorability, strength, and uniqueness of various brand

associations, which would, in turn, affect consumer response to future marketing activities.

Valuation Approaches

An increasingly widely held belief is that much of the corporate value of many companies is

wrapped up in intangible assets, including the brand.

Recognizing that fact, many firms are interested in exactly what that brand value is. The

ability to put a specific price tag on a brand’s value may be useful for a number of reasons:

• Mergers and acquisitions: Both to evaluate possible purchases as well as to facilitate

disposal

• Brand licensing:  Internally for tax reasons and to third parties

• Fund raising:  As collateral on loans or for sale or leaseback arrangements

• Brand portfolio decisions:  To allocate resources, develop brand strategy, or prepare fi nancial

reports

Unfortunately, the value of the brand assets in many cases is largely excluded from the company’s

balance sheet and is therefore of little use in determining overall value.

Accounting Background. The assets of a firm can be either tangible or intangible. **Tangible**

**assets** include property, plant, and equipment; current assets (inventories, marketable securities,

and cash); and investments in stocks and bonds. We can estimate the value of tangible assets

using accounting book values and reported estimates of replacement costs.

**Intangible assets**, on the other hand, are any factors of production or specialized resources

that permit the company to earn cash flows in excess of the return on tangible assets. In other

words, intangible assets augment the earning power of a firm’s physical assets. They are typically

lumped under the heading of goodwill and include things such as patents, trademarks, and

licensing agreements, as well as “softer” considerations such as the skill of the management and

customer relations.

Historical Perspectives

Brand valuation’s more recent past started with Rupert

Murdoch’s News Corporation, which included a valuation of some of its magazines on its

balance sheets in 1984, as permitted by Australian accounting standards. The rationale was

that the goodwill element of publishing acquisitions––the difference in value between net

assets and the price paid––was often enormous and negatively affecting the balance sheet.

News Corporation used the recognition that the titles themselves contained much of the value

of the acquisition to justify placing them on the balance sheet, improving the debt/equity ratio

and allowing the company to get some much-needed cash to fi nance acquisition of some

foreign media companies.

General Approaches. In determining the value of a brand in an acquisition or merger, firms

can choose from three main approaches: **the cost, market, and income approaches.33**

The **cost approach** maintains that brand equity is the amount of money that would be required

to reproduce or replace the brand (including all costs for research and development, test

marketing, advertising, and so on). One common criticism of approaches relying on historic or

replacement cost is that they reward past performance in a way that may bear little relation to future

profitability––for example, many brands with expensive introductions have been unsuccessful.

On the other hand, for brands that have been around for decades (such as Heinz, Kellogg’s,

and Chanel), it would be virtually impossible to find out what the investment in brand development

was––and largely irrelevant as well.

It is also obviously easier to estimate costs of tangible assets than intangible assets, but the

latter often may lie at the heart of brand equity. Similar problems exist with a replacement cost

approach; for example, the cost of replacing a brand depends a great deal on how quickly the

process would take and what competitive, legal, and logistical obstacles might be encountered.

According to the **second approach**, the market approach, we can think of brand equity as the

present value of the future economic benefits to be derived by the owner of the asset. In other

words, it is the amount an active market would allow so that the asset would exchange between

a willing buyer and willing seller. The main problems with this approach are the lack of open

market transactions for brand name assets, and the fact that the uniqueness of brands makes extrapolating

from one market transaction to another problematic.

The third approach to determining the value of a brand, the income approach, argues that

brand equity is the discounted future cash flow from the future earnings stream for the brand.

Three such income approaches are as follows:

1.  Capitalizing royalty earnings from a brand name (when these can be defined)

2.  Capitalizing the premium profits that are earned by a branded product (by comparing its

performance with that of an unbranded product)

3.  Capitalizing the actual profitability of a brand after allowing for the costs of maintaining it

and the effects of taxation

Simon and Sullivan’s Brand Equity Value. In a seminal academic research study, Simon

and Sullivan developed a technique for estimating a firm’s brand equity derived from financial

market estimates of brand-related profits.37 They define brand equity as the incremental cash

flows that accrue to branded products over and above the cash flows that would result from the

sale of unbranded products.

From these basic premises, Simon and Sullivan derive their methodology to extract the

value of brand equity from the financial market value of the fi rm. The total asset value of the

firm is the sum of the market value of common stock, preferred stock, long-term debt, and short-term

debt. The value of intangible assets is captured in the ratio of the market value of the firm to

the replacement cost of its tangible assets. There are three categories of **intangible assets**: **brand**

**equity,** non brand factors that reduce the firm’s costs relative to competitors like **R&D and patents**,

and industry-wide factors that permit monopoly profits, such as **regulation**. By considering

factors such as the age of the brand, order of entry in the category, and current and past advertising

share, Simon and Sullivan then provide estimates of brand equity.

Interbrand’s Brand Valuation Methodology. Interbrand is probably the premier最重要的 brand

valuation firm. In developing its brand valuation methodology, Interbrand approached the problem

by assuming that the value of a brand, like the value of any other economic asset, was the present

worth of the benefits of future ownership. In other words, according to Interbrand, brand

valuation is based on an assessment of what the value is today of the earnings or cash flow the

brand can be expected to generate in the future.38

Because Interbrand’s approach looks at the ongoing investment and management of the

brand as an economic asset, it takes into account all the different ways in which a brand benefits

an organization both internally and externally—from attracting and retaining talent to delivering

on customer expectations. One advantage of the Interbrand valuation approach is that it is very

generalizable and can be applied to virtually any type of brand or product.

Three key components contribute to the brand value assessment: (1) the financial performance

of the branded products or services, (2) the role of brand in the purchase decision process, and

(3) the strength of the brand.39 Here’s how Interbrand addresses each of these three components.

-        **Brand Financial Performance**. Financial performance for the brand reflects an organization’s

raw financial return to the investors and is analyzed as economic profit, a concept akin

to economic value added (EVA). To determine economic profit, subtract taxes from net operating

profit to arrive at net operating profit after tax (NOPAT). From NOPAT, subtract a capital

charge to account for the capital used to generate the brand’s revenues, yielding the economic

profit for each year analyzed. The capital charge rate is set by the industry-weighted average

cost of capital (WACC). The financial performance is analyzed for a five-year forecast and for

a terminal value. The terminal value represents the brand’s expected performance beyond the

forecast period. The economic profit that is calculated is then multiplied by the role of brand

(a percentage, as described below) to determine the branded earnings that contribute to the

valuation total.

-        **Role of Brand.** Role of brand measures the portion of the customer decision to purchase that

is attributable to brand—exclusive of other purchase drivers such as price or product features.

Conceptually, role of brand reflects the portion of demand for a branded product or service that

exceeds what the demand would be for the same product or service if it were unbranded. We

can determine role of brand in different ways, including primary research, a review of historical

roles of brand for companies in that industry, and expert panel assessment. We multiply the

percentage for the role of brand by the economic profit of the branded products or services to

determine the amount of branded earnings that contribute to the valuation total.

-        **Brand Strength.** Brand strength measures the ability of the brand to secure the delivery of

expected future earnings. Brand strength is reported on a scale of 0–100 based on an evaluation across

10 dimensions of brand activation. Performance in these dimensions is generally judged relative to

other brands in the industry. The brand strength inversely determines a discount rate, through a proprietary

algorithm. That rate is used to discount branded earnings back to a present value, based on

the likelihood that the brand will be able to withstand challenges and deliver the expected earnings.

Summary. Brand valuation and the “brands on the balance sheet” debate are controversial

subjects. There is no one universally agreed-upon approach.40 In fact, many marketing experts

feel it is impossible to reduce the richness of a brand to a single, meaningful number, and that

any formula that tries to do so is an abstraction and arbitrary.

**The primary disadvantage of valuation approaches** is that they necessarily have to make a

host of potentially oversimplified assumptions to arrive at one measure of brand equity. For example,

Sir Michael Perry, former chairman of Unilever, once objected for philosophical reasons:

The seemingly miraculous conjuring up of intangible asset values, as if from nowhere,

only serves to reinforce the view of the consumer skeptics, that brands are just high

prices and consumer exploitation.41

Wharton’s Peter Fader points out a number of limitations of valuation approaches: they require

much judgmental data and thus contain much subjectivity; intangible assets are not always

synonymous with brand equity; the methods sometimes defy common sense and lack “face validity”;

the financial measures generally ignore or downplay current investments in future equity

like advertising or R&D; and the strength of the brand measures may be confounded with the

strength of the company.42

At the heart of much of the criticism is the issue of separability we identified earlier.

An Economist editorial put it this way: “Brands can be awkward to separate as assets.

With Cadbury’s Dairy Milk, how much value comes from the name Cadbury? How much from

Dairy Milk? How much merely from the product’s (replicable) contents or design?”43

To draw a sports analogy, extracting brand value may be as difficult as determining the

value of the coach to a team’s performance. And the way a brand is managed can have a large

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effect, positive or negative, on its value. Branding Brief 10-1 describes several brand acquisitions

that turned out unsuccessfully for firms.

As a result of these criticisms, the climate regarding brand valuation has changed. See

Brand Focus 10.0 for more on how accounting standards have changed to accommodate the

concept of brand value.

REVIEW

This chapter considered the two main ways to measure the benefits or outcomes of brand equity:

**comparative methods** (a means to better assess the effects of consumer perceptions and preferences

on aspects of the marketing program) and **holistic methods** (attempts to come up with an

estimate of the overall value of the brand). Figure 10-2 summarizes the different but complementary

approaches. In fact, understanding the particular range of benefits for a brand on the basis

of comparative methods may be useful as an input in estimating the overall value of a brand

by holistic methods.

Combining these outcome measures with the measures of sources of brand equity from

Chapter 9 as part of the brand value chain can provide insight into the effectiveness of marketing

actions. Nevertheless, assessing the ROI of marketing activities remains a challenge.44 Here are

**four general guidelines** for creating and measuring ROI from brand marketing activities:

1. Spend wisely––focus and be creative. To be able to measure ROI, we need to be earning

a return to begin with! Investing in distinctive and well-designed marketing activities increases

the chance for a more positive and discernible ROI.

2. Look for benchmarks––examine competitive spending levels and historical company

norms. It is important to get the lay of the land in a market or category in order to understand

what we may expect.

3. Be strategic––apply brand equity models. Use models such as the brand resonance model

and the brand value chain to provide discipline and a structured approach to planning,

implementing, and interpreting marketing activity.

4. Be observant––track both formally and informally. Qualitative and quantitative insights

can help us understand brand performance.

Perhaps the dominant theme of this chapter and the preceding chapter on measuring sources

of brand equity is the importance of using **multiple measures** and **research methods** to capture

the richness and complexity of brand equity. No matter how carefully we apply them, single

measures of brand equity provide at best a one- or two-dimensional view of a brand and risk

missing important dimensions of brand equity. Recall the problems encountered by Coca-Cola

from its overreliance on blind taste tests, described in Branding Brief 1-1.

No single number or measure fully captures brand equity.45  Rather, we should think of

brand equity as a multidimensional concept that depends on what knowledge structures are present

in the minds of consumers, and what actions a fi rm takes to capitalize on the potential that

these knowledge structures offer.

There are many different sources of, and outcomes from, brand equity, depending on

the marketers’ skill and ingenuity. Firms may be more or less able to maximize the potential

value of a brand according to the type and nature of their marketing activities. As Wharton’s

Peter Fader says:

The actual value of a brand depends on its fit with buyer’s corporate structure and other

assets. If the acquiring company has manufacturing or distribution capabilities that are

synergistic with the brand, then it might be worth paying a lot of money for it. Paul

Feldwick, a British executive, makes the analogy between brands and properties on

the Monopoly game board. You’re willing to pay a lot more for Marvin Gardens if you

already own Atlantic and Ventnor Avenues!46

The customer-based brand equity framework therefore emphasizes employing a range of research

measures and methods to fully capture the multiple potential sources and outcomes of

brand equity.

10-2

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brand equity

Chapter 11

Designing and Implementing Brand Architecture Strategies

Lecture note:

Developing brand architecture strategy: 3 steps

Defining Brand Potential

Identifying Brand Extension Opportunities

Branding New Products and Services

Step1: defining brand potential

-       Three important characteristics

The brand vision

The brand boundaries

The brand positioning

Step 2: identifying brand extension opportunities

-       Brand extension is a new product introduced under an existing brand name

**Line extensions**: New product introduction within existing categories

**Category extension**: new product introductions outside existing categories

-       Equity implications of each extension needs to be understood in terms of:

**Points-of-parity**

**Points-of-difference**

Step 3: branding new products and services

-       New products and services must be branded in a way to maximize the brand’s overall clarity

Branded house and house of brands strategy

-       Sub-brands: brand extension in which the new product carries both the parent brand name and a new name.

Brand portfolio

Flankers

Cash cows

Low-end,entry-level or high-end, prestige brands

Possible special roles of brands in the brand portfolio:

1. To attract a particular market segment not currently being covered by

other brands of the firm

2. To serve as a flanker and protect flagship brands

3. To serve as a cash cow and be milked for profits

4. To serve as a low-end entry-level product to attract new customers to the

brand franchise

5. To serve as a high-end prestige product to add prestige and credibility to

the entire brand portfolio

6. To increase shelf presence and retailer dependence in the store

7. To attract consumers seeking variety who may otherwise have switched to

another brand

8. To increase internal competition within the firm

9. To yield economies of scale in advertising, sales, merchandising, and

physical distribution

Low-end,entry-level or high-end, prestige brands

-       Sub-brands leverage associations from other brands while distinguishing themselves on price and quality

-       Role of a relatively low-priced brand –to attract customers to the brand fanchise

-       Role of a relatively high-priced brand-to add prestige and credibility to the entire portfolio.

Corporate or Company brand level

-       Highest level of hierarchy

-       **Corporate image**: The consumer associations to the company or corporation making the product or providing the service

Relevant when the corporate or company brand plays a prominent(显著的) role in the branding strategy

**Corporate image dimensions:**

Common product attributes, benefits, or attitudes

People and relationships

Values and programs

Corporate credibility

**Managing the corporate brand:**

Corporate social responsibility

Corporate image campaigns

Corporate name changes

To sum up…

-       Key aspect of managing brand equity is adapting the proper branding strategy

-       Brand architecture strategy for a firm identifies which brand elements a firm chooses to apply acorss the various products

-       Brand-product matrix is a graphical representation of all the firms’s brand and products

-       A firm may offer multiple brands in a category to attract different market segments.

11 Book note:

DEVELOPING A BRAND ARCHITECTURE STRATEGY:

The firm’s brand architecture strategy helps marketers determine which products and services

to introduce, and which brand names, logos, symbols, and so forth to apply to new and

existing products. As we describe below, it defines both the brand’s breadth(宽度) or boundaries（边界） and its depth or complexity. Which different products or services should share the same brand

name? How many variations of that brand name should we employ? The role of brand architecture

is twofold:

• **To clarify brand awareness**:  Improve consumer understanding and communicate similarity

and differences between individual products and services.

• **To improve brand image**:  Maximize transfer of equity between the brand and individual

products and services to improve trial and repeat purchase.

**Developing a brand architecture strategy** requires **three** key steps: (1) defining the potential

of a brand in terms of its “market footprint,” (2) identifying the product and service extensions

that will allow the brand to achieve that potential, and (3) specifying the brand elements and positioning

associated with the specific products and services for the brand.

Step 1: Defining Brand Potential

The first step in developing an architecture strategy is to define the brand potential by considering

three important characteristics: (1) the brand vision, (2) the brand boundaries, and (3) the

brand positioning.

Articulating the Brand Vision. Brand vision is management’s view of the brand’s long-term

potential. It is influenced by how well the firm is able to recognize the current and possible future

brand equity. Many brands have latent brand equity that is never realized because the firm is

unable or unwilling to consider all that the brand could and should become.

On the other hand, many brands have transcended their initial market boundaries to

Defining the Brand Boundaries. Some of the world’s strongest brands, such as GE, Virgin,

and Apple, have been stretched across multiple categories. Defining brand boundaries thus

means—based on the brand vision and positioning—identifying the products or services the

brand should offer, the benefits it should supply, and the needs it should satisfy.

A “broad” brand is one with an abstract positioning that is able to support a higher-order

promise relevant in multiple product settings. It often has a transferable point-of-difference,

thanks to a widely relevant benefi t supported by multiple reasons-to-believe or supporting attributes. Nevertheless, all brands have boundaries.

Processes Affecting Long-Term Brand Value

Long-term brand value depends on two basic processes: brand

vision (the ability to see the brand’s inherent potential) and

brand actualization (the ability to actually capitalize on the

brand’s potential to derive maximum revenue).

**Brand Vision**. Brand vision requires defining the potential

of a brand. Inherent brand potential is the value we

could extract from a brand via optimally designed marketing

strategies, programs, and activities. In other words, it reflects

what brand value could become if, for example, we introduce

different products, enter new markets, and appeal to different

customers in the future. There are many different ways to

expand a brand across products and markets.

Brand potential is in effect the “option value” of a brand

if we recognize and capitalize on its assets. For publicly traded

companies, it manifests itself in the premium a stock commands

over the value explainable from cash flows in its current

businesses. Viewed this way, acquiring a brand makes sense

and will bring a positive return only if the acquiring firm has a

better vision or ability to execute than the prior owners.

**Brand Actualization.** While brand vision means understanding

the brand’s inherent potential, brand actualization

means achieving that potential. Not surprisingly, due to differences

in firm resources and management skill, firms vary

in their ability to formulate a vision of what brand potential

is and then capitalize on it to activate the brand’s inherent

brand potential.

**Components of Long-Term Brand Value**

Brand actualization (or potential actualization) depends on

how successfully a firm can translate brand potential into the

two key components of long-term brand value: brand persistence

and brand growth.

Achieving Long-Term Brand Value

Brand Persistence. Brand persistence reflects the

extent to which the current customer franchise and their

spending levels can be sustained over time. Without continued

investments, brands can decline in value for myriad reasons.

Even traditionally well-funded, high-equity brands such as

Kodak, Levi-Strauss, and Borders can be vulnerable to a change

in fortunes or even bankruptcy.

The endurance of a brand’s position and equity depends

primarily on three factors:

1. The strength, favorableness, and uniqueness of key brand

associations;

2. The likelihood these characteristics will continue into the future;

and

3. The firm’s skill in developing and implementing marketing

programs and activities that help preserve them over time.

Some brand associations are more enduring than others.

For example, quality can be a relatively timeless attribute,

while many imagery associations like trendiness and youthfulness

often fade badly over time. Perhaps the biggest challenge

to brand persistence, however, is the ability of the brand to

sustain differentiation. Competitive responses, marketplace

changes, and other external factors all conspire to make it difficult

for a brand to be as unique as it once was.

Brand Growth. The requirements to grow thus implicitly

include the ability of a brand’s sales to persist and resist decay.

Brand growth reflects the extent to which current customers

actually increase their spending and new customers are

attracted to the brand, with either existing or new products.

Chapters 12 and 14 discuss these issues in detail.

Factors Influencing Brand Persistence and Growth

Finally, brand persistence and growth—and thus long-term

brand value—depend on the risks evident in the marketing

environment, the brand’s vulnerability to those risks, and what

the firm does to handle them.

Risks in the Marketing Environment. A number of factors

in the environment work for or against the creation and realization

of inherent brand potential. Broadly, the marketing environment

consists of seven components: competitive, demographic,

economic, physical, technological, political-legal, and socialcultural.

Changes or shifts in the nature of competition; age

or cultural make-up of a market; the income and tax base;

the supply of natural resources; government policies and

regulations; and social trends, to name just a few, can all

profoundly change the fortunes of a brand and test the skills

of marketers.

Long-term brand value is more predictable. It rises when

firms are less vulnerable to competition and other environmental

changes and are therefore better able to capitalize on their

inherent brand potential. Greater consumer loyalty and high

switching costs improve the odds of retention in the face of

difficulties or challenges for a brand. Barriers to entry can also

provide insurance against competitive actions.

Brand persistence and growth also depend on how effectively

competitors operate. A key question is how equipped a

company is to anticipate, withstand, and capitalize on changes

and shifts that occur in the marketplace. Firms such as IBM,

Microsoft, and Corning have evolved considerably through

the years, building on the brand value they have accumulated,

although not always smoothly or easily.

Firm Behaviors. Brand visioning and potential actualization

will depend on the motivation, ability, and opportunity of a firm

to recognize and maximize brand potential in the face of possible

environmental changes. First, the firm must be motivated and

committed to take advantage of the brand and its potential.

Many brands, even after acquisition, can become neglected or

forgotten, especially if the firm has an expansive set of brands.

The ability to maximize brand potential will depend in

large part on the skills of the firm to recognize and define

the brand’s potential to begin with. If that assessment is done

properly, then the question is whether the firm has—or has

access to—the resources, skills, and other assets needed to

cash in on the identified potential.

Finally, a firm must have the opportunity to formulate and

activate the brand potential. Diverting resources, skills, and other

assets to other areas makes it difficult or even impossible to

achieve a brand’s potential. Many best-laid plans are abandoned

given the twists and turns in marketplace performance and corporate

decision-making, and resulting changes in budget allocation.

A Key Implication

We’ve seen that achieving the brand’s long-term value is a

function of recognizing and realizing its potential through

brand vision and brand actualization activities. One important

implication is that a brand has different growth prospects depending

on which firm owns it. Given the difficulty of cutting

costs, the only real justification for M&A activity is a bet that

the acquiring company is smarter, more knowledgeable, more

creative—or has access to resources at a lower cost—than the

current brand owners. Given that current owners of a brand

are generally more likely to be knowledgeable about the brand

than those who intend to acquire it, however, many acquirers

may overestimate growth potential and overpay for the brand.

Crafting the Brand Positioning. Brand positioning puts some specificity into a brand

vision. Chapter 2 reviewed brand positioning considerations in detail; the four key ingredients are:

(1) competitive frame of reference, (2) points-of-difference（品牌差异点）, (3) points-of-parity（品牌相似点）, and (4) brand mantra（品牌精粹）. The brand mantra in particular can be very useful in establishing product boundaries or brand “guardrails（护栏）.” It should offer rational and emotional benefits and be sufficiently robust to permit growth, relevant enough to drive consumer and retailer interest, and differentiated enough to sustain longevity.

Step 2: Identifying Brand Extension Opportunities

Determining the brand vision, boundaries, and positioning in Step 1 helps define the brand potential

and provides a clear sense of direction for the brand. Step 2 is to identify new products

and services to achieve that potential through a well-designed and implemented brand extension

strategy.

**A brand extension** is a new product introduced under an existing brand name. We differentiate

between **line extensions**, new product introductions within existing categories (Tide Total

Care laundry detergent), and **category extensions**, new product introductions outside existing

categories (Tide Dry Cleaners retail outlets).

It is important to carefully plan the optimal sequence of brand extensions to achieve brand

potential. The key is to understand equity implications of each extension in terms of points-of parity

and points-of-difference. By adhering to the brand promise and growing the brand carefully

through “little steps,” marketers can ensure that brands cover a lot of ground.

Step 3: Branding New Products and Services

The final step in developing the brand architecture is to decide on the specific brand elements

to use for any particular new product or service associated with the brand. New products and

services must be branded in a way to maximize the brand’s overall clarity and understanding to

consumers and customers. What names, looks, and other branding elements are to be applied to

the new and existing products for any one brand?

One way we can distinguish brand architecture strategies is by looking at whether

a firm is employing an umbrella corporate or family brand for all its products, known as a

“branded house,” or a collection of individual brands all with different names, known as

a “house of brands.”

• Firms largely employing a branded house strategy include many business-to-business industrial

firms, such as Siemens, Oracle, and Goldman Sachs.

• Firms largely employing a house of brands strategy include consumer product companies,

such as Procter & Gamble, Unilever, and ConAgra.

The reality is that most firms adopt a strategy somewhere between these two end points, often

employing various types of **sub-brands**. Sub-brands are an extremely popular form of brand

extension in which the new product carries both the parent brand name and a new name (Apple

iPad, Ford Fusion, and American Express Blue card).

Sub-brands play an important brand architecture role by signaling to consumers to expect

similarities and differences in the new product. To realize these benefits, however, subbranding

typically requires significant investments and disciplined and consistent marketing

to establish the proper brand meanings with consumers. In the absence of such financial commitments,

marketers may be well advised to adopt the simplest brand hierarchy possible,

such as using a branded house–type approach with the company or a family brand name with

product descriptors. Marketers should employ sub-branding only when there is a distinctive,

complementary benefit; otherwise, they should just use a product descriptor to designate the

new product or service.

Summary

The three steps we outlined provide a careful and well-grounded approach to developing a brand

architecture strategy. To successfully execute this process, marketers should use brand portfolio

analysis for Step 1 and determining brand potential, and brand hierarchy analysis for Steps 2 and 3

and branding particular products and services. We describe both tools next.

BRAND PORTFOLIOS

A brand portfolio includes all brands sold by a company in a product category. We judge a

brand portfolio by its ability to maximize brand equity: Any one brand in the portfolio should

not harm or decrease the equity of the others. Ideally, each brand maximizes equity in combination

with all other brands in the portfolio.

Why might a firm have multiple brands in the same product category? The primary reason

is market coverage（市场覆盖面）. Firms introduce multiple brands because no one brand is viewed equally favorably by all the different distinct market segments the firm would like to target. Multiple brands allow a firm to pursue different price segments, different channels of distribution, different geographic boundaries, and so forth.6In designing the optimal brand portfolio, marketers must first define the relevant customer segments. How much overlap exists across segments, and how well can products be cross-sold?

Other reasons for introducing multiple brands in a category include the following:8

• To increase shelf presence and retailer dependence in the store

• To attract consumers seeking variety who may otherwise switch to another brand

• To increase internal competition within the firm

• To yield economies of scale in advertising, sales, merchandising, and physical distribution

A portfolio is too big if profits can be increased by dropping

brands; it is not big enough if profits can be increased by adding brands. Brand lines with

poorly differentiated brands are likely to be characterized by much cannibalization and require

appropriate pruning.9 The basic principle in designing a brand portfolio is to **maximize market coverage**so that no potential customers are being ignored, but **minimize brand overlap**(市场重叠) so that brands aren’t competing among themselves to gain the same customer’s approval. Each brand should have a distinct target market and positioning.

Flankers. Certain brands act as protective flanker or “fighter” brands.12 The purpose of

flanker brands typically is to create stronger points-of-parity with competitors’ brands so that

more important (and more profitable) flagship brands can retain their desired positioning. In designing fighter brands, marketers walk a fine line. Fighters must not be so attractive that

they take sales away from their higher-priced comparison brands or referents. At the same time, if

they are connected to other brands in the portfolio in any way (say, through a common branding

strategy), they must not be designed so cheaply that they reflect poorly on these other brands.

**Possible Special Roles of Brands in the Brand Portfolio:**

1. To attract a particular market segment not currently being covered by

other brands of the firm

2. To serve as a flanker and protect flagship brands

3. To serve as a cash cow and be milked for profits

4. To serve as a low-end entry-level product to attract new customers to the

brand franchise

5. To serve as a high-end prestige product to add prestige and credibility to

the entire brand portfolio

6. To increase shelf presence and retailer dependence in the store

7. To attract consumers seeking variety who may otherwise have switched to

another brand

8. To increase internal competition within the firm

9. To yield economies of scale in advertising, sales, merchandising, and

physical distribution

Cash Cows. Some brands may be kept around despite dwindling(逐渐减少) sales because they still

manage to hold on to a sufficient number of customers and maintain their profitability with

virtually no marketing support. Marketers can effectively milk these “cash cows” by capitalizing

on their reservoir(蓄水池) of existing brand equity. For example, while technological advances

have moved much of the market to its newer Fusion brand of razors, Gillette still sells its

older Trac II, Atra, Sensor, and Mach3 brands. Because withdrawing these may not necessarily

switch customers to another Gillette brand, the company may profit more by keeping than

discarding them.

Low-End, Entry-Level or High-End, Prestige Brands. Many brands introduce line extensions

or brand variants in a certain product category that vary in price and quality. These subbrands

leverage associations from other brands while distinguishing themselves on price and

quality. In this case, the end points of the brand line often play a specialized role.

The role of a **relatively low-priced brand** in the brand portfolio often may be to attract customers

to the brand franchise. Retailers like to feature these traffic builders because they often

are able to “trade up” customers to a higher-priced brand.

On the other hand, the role of a **relatively high-priced brand** in the brand family is often

to add prestige(声誉) and credibility to the entire portfolio.

Summary. Multiple brands can expand coverage, provide protection, extend an image, or fulfill

a variety of other roles for the firm. In all brand portfolio decisions, the basic criteria are

simple, even though their application can be quite complicated: to minimize overlap and get the

most from the portfolio, each brand-name product must have (1) a well-defined role to fulfill

for the firm and, thus, (2) a well-defined positioning indicating the benefits or promises it offers

consumers. As Chapter 12 reveals, many firms find that due to product proliferation through the

years, they now can cut the number of brands and product variants they offer and still profitably

satisfy consumers.

BRAND HIERARCHIES

A brand hierarchy（品牌层级）is a useful means of graphically portraying a firm’s branding strategy by

displaying the number and nature of common and distinctive brand elements across the firm’s

products, revealing their explicit ordering. It’s based on the realization that we can brand a product

in different ways depending on how many new and existing brand elements we use and how we

combine them for any one product.

We can construct a hierarchy to represent how (if at all) products are nested with other products

because of their common brand elements.

There are different ways to define brand elements and levels of the hierarchy. Perhaps the

simplest representation from top to bottom might be: Levels of a Brand Hierarchy：

1.  Corporate or company brand (General Motors)

2.  Family brand (Buick)

3.  Individual brand (Regal)

4.  Modifier（调节器） (designating item or model) (GS)

5.  Product description (midsize luxury sport sedan automobile)

Levels of a Brand Hierarchy

Corporate or Company Brand Level. The highest level of the hierarchy technically

always consists of one brand—the corporate or company brand. For simplicity, we refer

to corporate and company brands interchangeably, recognizing that consumers may not

necessarily draw a distinction between the two or know that corporations may subsume

multiple companies. For example, Fortune Brands owns many different companies, such as Jim

Beam whiskey, Courvoisier cognac, Master Lock locks, and Moen faucets, but it does not use its

corporate name on any of its lines of business.

For legal reasons, the company or corporate brand is almost always present somewhere

on the product or package, although the name of a company subsidiary may appear instead of

the corporate name.

As we detail below, we can think of a corporate images the consumer associations to the

company or corporation making the product or providing the service. Corporate image is particularly

relevant when the corporate or company brand plays a prominent role in the branding

strategy.

Family Brand Level. At the next-lower level, a family brand, also called a range brand or

umbrella brand, is used in more than one product category but is not necessarily the name of

the company or corporation.

For example, ConAgra’s Healthy Choice family brand appears on

a wide spectrum of food products, including packaged meats, soups, pasta sauces, breads, popcorn,

and ice cream. Some other notable family brands for companies that generate more than $1

billion in sales include Purina and Kit Kat (Nestlé); Mountain Dew, Doritos, and Quaker Foods

(PepsiCo); and Oreo, Cadbury, and Maxwell House (Kraft).

Because a family brand may be distinct from the corporate or company brand, company level

associations may be less salient. Most firms typically support only a handful of family

brands. If the corporate brand is applied to a range of products, then it functions as a family

brand too, and the two levels collapse to one for those products.

Marketers may apply family brands instead of corporate brands for several reasons. As

products become more dissimilar, it may be harder for the corporate brand to retain any product

meaning or to effectively link the disparate products. Distinct family brands, on the other hand,

can evoke a specific set of associations across a group of related products.

Individual Brand Level. Individual brands are restricted to essentially one product category,

although multiple product types may differ on the basis of model, package size, flavor,

and so forth. For example, in the “salty snack” product class, Frito-Lay offers Fritos corn

chips, Doritos tortilla chips, Lays and Ruffles potato chips, and Rold Gold pretzels. Each

brand has a dominant position in its respective product category within the broader salty snack

product class.

The main advantage of creating individual brands is that we can customize the brand and

all its supporting marketing activity to meet the needs of a specific customer group. Thus, the

name, logo, and other brand elements, as well as product design, marketing communication

programs, and pricing and distribution strategies, can all focus on a certain target market.

Moreover, if the brand runs into difficulty or fails, the risk to other brands and the company

itself is minimal. The disadvantages of creating individual brands, however, are the difficulty,

complexity, and expense of developing separate marketing programs to build sufficient levels

of brand equity.

Modifier Level. Regardless of whether marketers choose corporate, family, or individual

brands, they must often further distinguish brands according to the different types of items or

models. A modifier is a means to designate a specific item or model type or a particular version

or configuration of the product. Land O’Lakes offers “whipped,” “unsalted,” and “regular” versions

of its butter. Yoplait yogurt comes as “light,” “custard style,” and “original” flavors.

Adding a modifier often can signal refinements or differences between brands related to

factors such as quality levels (Johnnie Walker Red Label, Black Label, and Gold Label Scotch

whiskey), attributes (Wrigley’s Spearmint, Doublemint, Juicy Fruit, and Winterfresh flavors of

chewing gum), function (Dockers Relaxed Fit, Classic Fit, Straight Fit, Slim Fit, and Extra Slim

Fit pants), and so forth.16 Thus, one function of modifiers is to show how one brand variation

relates to others in the same brand family.

Modifiers help make products more understandable and relevant to consumers or even to the

trade. They can even become strong trademarks if they are able to develop a unique association

with the parent brand—only Uncle Ben has “Converted Rice,” and only Orville Redenbacher

sells “Gourmet Popping Corn.”17

Product Descriptor. Although not considered a brand element per se, the product descriptor

for the branded product may be an important ingredient of branding strategy. The product

descriptor helps consumers understand what the product is and does and also helps define the

relevant competition in consumers’ minds.

In some cases, it may be hard to describe succinctly what the product is, a new product

with unusual functions or even an existing product that has dramatically changed. Public

libraries are no longer about checking out books or taking a preschooler to story time. A

full-service modern public library serves as an educational, cultural, social, and recreational

community center.

In the case of a truly new product, introducing it with a familiar product name may facilitate

basic familiarity and comprehension, but perhaps at the expense of a richer understanding of

how the new product is different from closely related products that already exist.

**Guidelines for Brand Hierarchy Decisions：**

1. Decide on which products are to be introduced.

• Principle of growth: Invest in market penetration or expansion vs. product

development according to ROI opportunities.

• Principle of survival: Brand extensions must achieve brand equity in their

categories.

• Principle of synergy协同: Brand extensions should enhance the equity of the

parent brand.

2. Decide on the number of levels.

• Principle of simplicity: Employ as few levels as possible.

• Principle of clarity: Logic and relationship of all brand elements employed

must be obvious and transparent.

3. Decide on the levels of awareness and types of associations to be created at

each level.

• Principle of relevance: Create abstract associations that are relevant across

as many individual items as possible.

• Principle of differentiation: Differentiate individual items and brands.

4. Decide on how to link brands from different levels for a product.

• Principle of prominence: The relative prominence of brand elements affects

perceptions of product distance and the type of image created for new

products.

5. Decide on how to link a brand across products.

• Principle of commonality: The more common elements products share, the

stronger the linkages.

Brand elements at each level of the hierarchy may contribute to brand equity through their

ability to create awareness as well as foster strong, favorable, and unique brand associations and

positive responses. The **challenge in setting up a brand hierarchy is to decide:**

1.  The specific products to be introduced for any one brand.

2.  The number of levels of the hierarchy to use.

3.  The desired brand awareness and image at each level.

4.  The combinations of brand elements from different levels of the hierarchy, if

Specific Products to Introduce. Consistent with discussions in other chapters about what

products a firm should introduce for any one brand, we can note three principles here.

**The principle of growth** maintains that investments in market penetration or expansion versus

product development for a brand should be made according to ROI opportunities. In other

words, firms must make cost–benefit calcuations for investing resources in selling more of a

brand’s existing products to new customers versus launching new products for the brand.

The other two principles address the dynamics of brand extension success, as developed in

great detail in Chapter 12. **The principle of survival** states that brand extensions must achieve

brand equity in their categories. In other words, “me too” extensions must be avoided. **The principle**

**of synergy（协同）** states that brand extensions should also enhance the equity of the parent brand.

Number of Levels of the Brand Hierarchy. Given product boundaries and an extension

strategy in place for a brand, the first decision to make in defining a branding strategy is, broadly,

which level or levels of the branding hierarchy to use. Most firms choose to use more than one

level, for two main reasons. Each successive branding level allows the firm to communicate

additional, specific information about its products. Thus, developing brands at lower levels of

the hierarchy allows the firm flexibility in communicating the uniqueness of its products. At

the same time, developing brands at higher levels of the hierarchy is obviously an economical

means of communicating common or shared information and providing synergy across the company’s

operations, both internally and externally.

Sub-branding thus creates a stronger connection to the company or family brand and all the

associations that come along with that. At the same time, developing sub-brands also allows for

the creation of brand-specific beliefs. This more detailed information can help customers better

understand how products vary and which particular product may be the right one for them.

Sub-brands also help organize selling efforts so that salespeople and retailers have a clear

picture of how the product line is organized and how best to sell it. For example, one of the

main advantages to Nike of continually creating sub-brands in its basketball line with Air Max

Lebron, Air Zoom Hyperdunk, and Hyperfuse, as well as the very popular Jordan line, is to

generate retail interest and enthusiasm. Ninety-two of the top-100-selling basketball shoes in

2010 were sold by Nike.20

Marketers can employ a host of brand elements as part of a sub-brand, including name,

product form, shape, graphics, color, and version. By skillfully combining new and existing

brand elements, they can effectively signal the intended similarity or fi t of a new extension with

its parent brand.

**The principle of simplicity** is based on the need to provide the right amount of branding

information to consumers—no more and no less. The desired number of levels of the brand

hierarchy depends on the complexity of the product line or product mix, and thus on the combination

of shared and separate brand associations the company would like to link to any one product.

**The principle of relevance** is based on the advantages of efficiency and economy. Marketers

should create associations that are relevant to as many brands nested at the level below as possible,

especially at the corporate or family brand level. The greater the value of an association in the

firm’s marketing, the more efficient and economical it is to consolidate this meaning into one brand

linked to all these products.23  For example, Nike’s slogan (“Just Do It”) reinforces a key point-of difference for the brand—performance—that is relevant to virtually every product it sells.

**The principle of differentiation** is based on the disadvantages of redundancy（裁员过多）. Marketers

should distinguish brands at the same level as much as possible. If they cannot easily distinguish

two brands, it may be difficult for retailers or other channel members to justify supporting both,

and for consumers to choose between them. Although the principle of differentiation is especially important at the individual brand or modifier levels, it’s also valid at the family brand level. For example, one of the criticisms of marketing at General Motors was that the company had failed to adequately distinguish its family brands of automobiles, perhaps ultimately leading to the demise of the Oldsmobile, Pontiac, and

Saturn brands. The principle of differentiation also implies that not all products should receive the same

emphasis at any level of the hierarchy. A key issue in designing a brand hierarchy is thus choosing

the relative emphasis to place on the different products in it. If a corporate or family brand is

associated with multiple products, which product should be the core or flagship product? What

product should represent “the brand” to consumers?

**A flagship product** is one that best represents or embodies the brand to consumers. It is

often the first product by which the brand gained fame, a widely accepted best seller, or a highly

admired or award-winning product. For example, although other products are associated with

their brands, flagship products might be soap for Ivory, credit cards for American Express, and

cake mix for Betty Crocker. Flagship products play a key role in the brand portfolio in that marketing them can have short-term benefits (increased sales), as well as long-term benefits (improved brand equity).

**The principle of prominence** states that the relative prominence of the brand elements determines

which become the primary one(s) and which the secondary one(s). Primary brand elements

should convey the main product positioning and points-of-difference. Secondary brand

elements convey a more restricted set of supporting associations such as points-of-parity or perhaps

an additional point-of-difference. A secondary brand element may also facilitate awareness.

In some cases, the brand elements may not be explicitly linked at all. In a **brand endorsement**

Strategy, a brand element—often the corporate brand name or logo—appears on the package,

signage, or product appearance in some way but is not directly included as part of the brand

name.

**Branding Strategy Screen.** Marketers can use the branding strategy screen displayed in

Figure 11-7 to “dial up” or “dial down” different brand elements. If a potential new product or

service is strongly related to the parent brand such that there is a high likelihood of parent brand

equity carryover, and if there is little equity risk, a product descriptor or parent-brand-first subbrand

may make sense.28

On the other hand, if a potential new product or service is more removed from the parent

brand such that there is a lower likelihood of parent brand equity carryover or if there is higher

equity risk, then a parent-brand-second sub-brand or even a new brand may be more appropriate.

In these latter cases, the parent brand may just be used as an endorser.

These pros and cons help determine whether a “branded house” or “house of brands” is the

more appropriate strategy. What consumers know about and want from the brand, and how they

will actually use it, is also important. Although offering multiple sub-brands as part of a detailed

brand family may seem to provide more descriptive details, it can easily backfire if taken too far.

Branding Strategy Screen：

**A corporate brand** is distinct from a product brand in that it can encompass

a much wider range of associations. As detailed below, a corporate brand name may be more

likely to evoke associations of common products and their shared attributes or benefi ts, people

and relationships, programs and values, and corporate credibility.

These associations can have an important effect on the brand equity and market

performance of individual products.

**Corporate brand equity** is the differential response by consumers, customers, employees,

other firms, or any relevant constituency to the words, actions, communications, products, or services

provided by an identified corporate brand entity. In other words, positive corporate brand

equity occurs when a relevant constituency responds more favorably to a corporate ad campaign,

a corporate-branded product or service, a corporate-issued PR release, and so on than if the same

offering were attributed to an unknown or fictitious company.

**corporate brand personality** as

“a form of brand personality specific to a corporate brand”

and “the human characteristics or traits that can be attributed

to a corporate brand.” Despite the fact that the concept of

brand personality applies to both product brands and corporate

brands, because corporate brands are designed to encompass a

wider range of associations than the product brands that might

fall under them, the dimensions are not necessarily the same.

Corporate Image Dimensions

A corporate image will depend on a number of factors, such as the products a company makes,

the actions it takes, and the manner in which it communicates to consumers. This section highlights

some of the different types of associations that are likely to be linked to a corporate brand

and that can affect brand equity

Common Product Attributes, Benefits, or Attitudes. Like individual brands, a corporate

or company brand may evoke in consumers a strong association to a product attribute

**Some Important Corporate Image Associations**

Common Product Attributes,

Benefits, or Attitudes

Quality

Innovativeness

People and Relationships

Customer orientation

Values and Programs

Concern with environment

Social responsibility

Corporate Credibility

Expertise

Trustworthiness

Likability

Two specifi c product-related corporate image associations—high quality and innovation—

deserve special attention.

A high-quality corporate image association creates consumer perceptions that a company

makes products of the highest quality. A number of different organizations like J.D.

Power, Consumer Reports, and various trade publications for automobiles rate products.

The Malcolm Baldrige award is one of many that distinguishes companies on the basis of

quality. Quality is one of the most important, if not the most important, decision factors for

consumers.

An innovative corporate image association creates consumer perceptions of a company

as developing new and unique marketing programs, especially with respect to product

introductions or improvements. Keller and Aaker experimentally showed how different corporate

image strategies—being innovative, environmentally concerned, or involved in the

community—could affect corporate credibility and strategically benefi t the fi rm by increasing

the acceptance of brand extensions.33  Interestingly, consumers saw a company with an

innovative corporate image as not only expert but also trustworthy and likable. Being innovative

is seen in part as being modern and up-to-date, investing in research and development,

employing the most advanced manufacturing capabilities, and introducing the newest

product features.

People and Relationships. Corporate image associations may reflect characteristics of the

employees of the company. Consumers may themselves form more abstract impressions of a fi rm’s employees, especially in a services setting. Retail stores also derive brand equity from their employees.

Thus, a **customer-focused corporate image association** creates consumer perceptions of a

company as responsive to and caring about its customers. Consumers believe their voice will be heard and that the company has their best interests in mind. Often this philosophy is reflected

throughout the marketing program and communicated through advertising.

Values and Programs. Corporate image associations may reflect company values and programs

that do not always directly relate to the products. Firms can run corporate-image ad

campaigns to describe to consumers, employees, and others their philosophy and actions with

respect to organizational, social, political, or economic issues.

For example, many recent corporate advertising campaigns have focused on environmental

issues and social responsibility. A **socially responsible corporate image association** portrays

the company as contributing to community programs, supporting artistic and social activities,

and generally attempting to improve the welfare of society as a whole. **An environmentally**

**concerned corporate image association** projects a company whose products protect or improve

the environment and make more effective use of scarce natural resources.

Corporate Credibility. A particularly important set of abstract brand associations is corporate

credibility. As defined in Chapter 2, corporate credibility measures the extent to which consumers

believe a firm can design and deliver products and services that satisfy their needs and wants.

It is the reputation the firm has achieved in the marketplace. Corporate credibility—as well as

success and leadership—depend on **three factors:**

1. Corporate expertise: The extent to which consumers see the company as able to competently

make and sell its products or conduct its services

2. Corporate trustworthiness: The extent to which consumers believe the company is motivated

to be honest, dependable, and sensitive to customer needs

3. Corporate likability: The extent to which consumers see the company as likable, attractive,

prestigious, dynamic, and so forth

While consumers who perceive the brand as credible are more likely to consider and choose

it, a strong and credible reputation can offer additional benefits.36 Uniqlo is a company with

growing international credibility.

Summary. Many intangible brand associations can transcend the physical characteristics of

products, providing valuable sources of brand equity and serving as critical points-of-parity or

points-of-difference.38 Companies have a number of means—indirect or direct—of creating

these associations. But they must “talk the talk” and “walk the walk” by communicating to

consumers and backing up claims with concrete programs consumers can easily understand or

even experience.

Managing the Corporate Brand

A number of specific issues arise in managing a corporate brand. Here we consider three: corporate

social responsibility, corporate image campaigns, and corporate name changes.

Corporate Social Responsibility. Some marketing experts believe consumers are increasingly

using their perceptions of a firm’s role in society in their purchase decisions. For example,

consumers want to know how a firm treats its employees, shareholders, local neighbors, and

other stakeholder or constituents.39 As the head of a large ad agency put it: “The only sustainable

competitive advantage any business has is its reputation.”40

Corporate Image Campaigns. Corporate image campaigns are designed to create associations

to the corporate brand as a whole; consequently, they tend to ignore or downplay

individual products or sub-brands.45 As we would expect, some of the biggest spenders on

these kinds of campaigns are well-known firms that use their company or corporate name

prominently in their branding strategies, such as GE, Toyota, British Telecom, IBM, Novartis,

and Deutsche Bank.

To maximize the probability of success, however, marketers must clearly define the objectives

of a corporate image campaign and carefully measure results against them.47 **A number of**

**different objectives are possible in a corporate brand campaign:48**

• Build awareness of the company and the nature of its business.

• Create favorable attitudes and perceptions of company credibility.

• Link beliefs that can be leveraged by product-specifi c marketing.

• Make a favorable impression on the fi nancial community.

• Motivate present employees and attract better recruits.

• Infl uence public opinion on issues.

Unlike a corporate image campaign that presents the brand in abstract terms with few, if

any, references to specific products, brand line campaigns promote a range of products associated

with a **brand line**. By showing consumers the different uses or benefits of the multiple products

offered by a brand, brand line ads or promotions can be particularly useful in building brand

awareness, clarifying brand meaning, and suggesting additional usage applications. Sometimes

a brand line campaign will emphasize a common thread running through all the products for a

brand, as was the case with the relaunch of Lancia in Europe.

Corporate Name Changes. Corporate names may have to change for many reasons, but they

should be the right reasons pursued in the right way.

**Rationale**. A merger or acquisition is often the impetus to reevaluate naming strategies and

weigh the existing and potential equity of each brand in its new context.53

• A new corporate name arising from a merger or acquisition may be based on some combination

of two existing names, if they are strong. For example, when Glaxo Wellcome

merged with SmithKline Beecham, the new company became GlaxoSmithKline. J.P.

Morgan & Co. and Chase Manhattan Corporation became JP Morgan Chase after their

merger. United’s name was combined with Continental’s globe logo when those two air

carriers merged.

• If there is an imbalance in brand equity, the firm typically chooses the name with more

inherent brand equity and relegates the other to a sub-brand role or eliminates it altogether.

When Citicorp merged with Travelers, the latter’s name was dropped, although its familiar

red umbrella symbol was retained as part of the new Citigroup brand look.

• Finally, if neither name has the desired brand equity, a completely new name can signal

new capabilities. When Bell Atlantic purchased GTE in 2000, the newly merged company

adopted the Verizon brand name, which combined veritas, the Latin word for reliability, and

horizon, which was intended to signify a forward-looking attitude.

Corporate names also change because of divestitures, leveraged buyouts, or the sale of

assets. Corporate names can also change to correct public misperceptions about the nature

of the company’s business.54 Sometimes a name change just reflects the fact that the original name wasn’t all that good and probably shouldn’t have been chosen to begin with.

**Guidelines**. Although renaming can yield growth opportunities, experts recommend a cautious

approach. Name changes are typically **complicated, time-consuming, and expensive and**

**firms should undertake them only when compelling marketing or financial considerations prevail**

**and a proper supporting marketing program can be put into place.** A new corporate name cannot

hide product or other deficiencies, and it requires extensive legal and URL vetting to make sure

it is available and appropriate. Rebranding campaigns also usually forfeit the brand recognition

and loyalty attached to the old name.

BRAND ARCHITECTURE GUIDELINES

Brand architecture is a classic example of the “art and science” nature of marketing. It is important

to establish rules and conventions and be disciplined and consistent. Yet at the same time,

it is also important to be flexible and creative. There rarely are pure solutions to a brand architecture

challenge, and no uniform agreement exists on the one type of branding strategy that all

firms should adopt for all products. Even within a firm hybrid strategies often prevail, and marketers

may adopt different branding strategies for different products.

In evaluating a brand architecture strategy, we should ask a number of questions, such as:

• For the brand portfolio, do all brands have defined roles? Do brands collectively maximize

coverage and minimize overlap?

• For the brand hierarchy, does the brand have extension potential? Within the category? Outside

the category? Is the brand overextended?

• What positive and negative brand equity implications will transfer from the parent brand to

individual products? What feedback exists from the individual products to the parent brands

in turn?

• What profit streams result from different branding arrangements? How much revenue does

each brand generate? At what cost? What other cross-selling opportunities exist between

brands?

In answering these questions and in devising and implementing the optimal brand architecture

strategy, marketers should keep the following **five guidelines** in mind.

1. Adopt a strong customer focus. Recognize what customers know and want, and how they

will behave.

2. Create broad, robust brand platforms. Strong umbrella brands are highly desirable. Maximize

synergies and fl ow.

3. Avoid overbranding and having too many brands. High-tech products, for example, are

often criticized for branding every ingredient so the overall effect is like a NASCAR race

car with logos and decals everywhere.

4. Selectively employ sub-brands. Sub-brands can communicate relatedness and distinctiveness

and are a means of complementing and strengthening brands.

5. Selectively extend brands. As Chapter 12 explains, brand extensions should establish new

brand equity and enhance existing brand equity.

REVIEW

A key aspect of managing brand equity is adopting the proper branding strategy. Brand names

of products typically consist of a combination of different names and other brand elements.

A **brand architecture strategy** for a firm identifies which brand elements a firm chooses to apply

across the various products or services it sells. Several tools aid in developing a brand architecture

strategy. Combining the brand–product matrix, the brand portfolio, and the brand hierarchy

with customer, company, and competitive considerations can help a marketing manager formulate

the optimal brand architecture strategy.

The brand–product matrix is a graphical representation of all the firm’s brands and products,

with brands as rows and the corresponding products as columns. The rows represent brand–

product relationships and capture the firm’s brand extension strategy. Marketers should judge

potential extensions by how effectively they leverage existing brand equity to a new product,

as well as how effectively the extension, in turn, contributes to the equity of the existing parent

brand. The columns of the matrix represent product–brand relationships and capture the brand

portfolio strategy in terms of the number and nature of brands to be marketed in each category.

We characterize a brand architecture strategy according to its breadth in terms of brand–

product relationships and brand extension strategy, and its depth in terms of product–brand relationships

and the brand portfolio or mix. Breadth describes the product mix and which products

the firm should manufacture or sell. Depth deals with the brand portfolio and the set of all brands

and brand lines that a particular seller offers.

A firm may offer multiple brands in a category to attract different—and potentially mutually exclusive—

market segments. Brands also can take on very specialized roles in the portfolio: as flanker

brands to protect more valuable brands, as low-end entry-level brands to expand the customer franchise,

as high-end prestige brands to enhance the worth of the entire brand line, or as cash cows to

milk all potentially realizable profits. Companies must be careful to understand exactly what each

brand should do for the firm and, more important, what they want it to do for the customer.

A brand hierarchy reveals an explicit ordering of all brand names by displaying the number

and nature of common and distinctive brand name elements across the firm’s products. By capturing

the potential branding relationships among the different products sold by the firm, a brand

hierarchy graphically portrays a firm’s branding strategy. One simple representation of possible

brand elements and thus of potential levels of a brand hierarchy is (from top to bottom): corporate

(or company) brand, family brand, individual brand, and modifier.

In designing a brand hierarchy, marketers should define the number of different levels of

brands (generally two or three) and the relative emphasis that brands at different levels will receive

when combined to brand any one product. One common strategy to brand a new product

is to create a sub-brand, combining an existing company or family brand with a new individual

brand. When marketers use multiple brand names, as with a sub-brand, the relative visibility of

each brand element determines its prominence. Brand visibility and prominence will depend on

factors such as the order, size, color, and other aspects of the brand’s physical appearance. To

provide structure and content to the brand hierarchy, marketers must make clear to consumers

the specific means by which a brand applies across different products and, if different brands are

used for different products, the relationships among them.

In designing the supporting marketing program in the context of a brand hierarchy, marketers

must define the desired awareness and image at each level of the brand hierarchy for each product.

In a sub-branding situation, the desired awareness of a brand at any level will dictate the

relative prominence of the brand and the extent to which associations linked to the brand will

transfer to the product. In terms of building brand equity, we should link associations at any

one level based on principles of relevance and differentiation. In general, we want to create

associations relevant to as many brands nested at the level below as possible and to distinguish

any brands at the same level.

Corporate or family brands can establish a number of valuable associations to differentiate

the brand, such as common product attributes, benefits, or attitudes; people and relationships;

programs and values; and corporate credibility. A corporate image will depend on a number of

factors, such as the products a company makes, the actions it takes, and the manner in which it

communicates to consumers. Communications may focus on the corporate brand in the abstract

or on the different products making up the brand line. Any corporate name changes and rebranding

efforts need to be done carefully.

An area of increasing importance for many brands is corporate social responsibility. Firms

are becoming more aware of the environmental, economic, and social impact of their words and

actions. Many now employ cause-marketing programs designed to align their brands with a cause

of importance to their customers. Many consumers are also becoming much more aware of the environmental

aspect of the products and services of a firm and how they are produced and disposed.

Chapter 12

Introducing and Naming New Products

and Brand Extensions

Lecture note:

Leaning objectives:

-       Define the different types of brand extensions

-       List the main advantages and disadvantages of brand extensions

-       Summarize how consumers evaluate extension and how extensions contribute to parent brand equity

-       Outline the key assumptions and success criteria for brand extensions.

New products and brand extensions

**Brand extension**: when a firm uses an established brand name to introduce a new product.

-       Line extension: adds a different variety, a different form or size, or a different application for the brand

-       Category extension: marketers apply the parent brand to enter a different product category(产品类别)from the one it currently serves.

Advantages of extensions:

-       Facilitate new product acceptance

-       Provide feedback benefits to the parent brand

**Facilitate new product acceptance**

Improve brand image

Reduce risk perceived by customers

Increase the probability of gaining distribution and trial

Increase efficiency of promotional expenditures

Reduce costs of introductory and follow-up marketing programs

Avoid cost of developing a new brand

Allow for packaging and labeling efficiencies

Permit consumer variety-seeking

**Provide feedback benefits to the parent brand**

Clarify brand meaning

Enhance the parent brand image

Bring new customers into the brand franchise and increase market coverage

Revitalize the brand

Permit subsequent extensions

**Disadvantages of brand extension**

Can confuse or frustrate consumers

Can encounter retailer resistance

Can fail and hurt parent brand image

Can succeed but cannibalize(减少销量) sales or parent

Can succeed but diminish identification with any one category

Can succeed but hurt the image of the parent brand

Can dilute brand meaning

Can cause the company to forgo the chance to develop a new brand

**Evaluating brand extension opportunities**

Define actual and desired consumer knowledge about the brand

Identify possible extension candidates

Evaluate the potential of the extension candidate

Design marketing programs to launch extension

Evaluate extension success and effects on parent brand equity

Brand extension guideline based on academic research

1. Successful brand extensions occur when the parent brand is seen as having

favorable associations and there is a perception of fit between the parent

brand and the extension product.

2. There are many bases of fit: product-related attributes and benefits as well

as non-product-related attributes and benefits related to common usage

situations or user types.

3. Depending on consumer knowledge of the product categories, perceptions

of fit may be based on technical or manufacturing commonalities or more

surface considerations such as necessary or situational complementarity.

4. High-quality brands stretch farther than average-quality brands, although

both types of brands have boundaries.

5. A brand that is seen as prototypical of a product category can be difficult

to extend outside the category.

6. Concrete attribute associations tend to be more difficult to extend than

abstract benefit associations.

7. Consumers may transfer associations that are positive in the original

product class but become negative in the extension context.

8. Consumers may infer negative associations about an extension, perhaps

even based on other inferred positive associations.

9. It can be difficult to extend into a product class that is seen as easy to

make.

10. A successful extension can not only contribute to the parent brand image

but also enable a brand to be extended even farther.

11. An unsuccessful extension hurts the parent brand only when there is a

strong basis of fit between the two.

12. An unsuccessful extension does not prevent a firm from backtracking and

introducing a more similar extension.

13. Vertical extensions can be difficult and often require sub-branding

strategies.

14. The most effective advertising strategy for an extension is one that

emphasizes information about the extension (rather than reminders about

the parent brand).

15. Individual differences can affect how consumers make an extension

decision, and will moderate extension effects.

16. Cultural differences across markets can influence extension success.

To sum up…

The extension’s ability to establish its own equity with depend on:

-        Salience of consumers’ associations with the parent brand

-        How compelling and relevant is the evidence about the corresponding attribute

-        How strong customer’ existing attribute or benefit associations are for the parent brand

To evaluate brand extension opportunities, marketers need to consider strategies by applying managerial judgement and consumer research.

Video

How to build name

Eponymous: Disney Adidas tesla Burberry

Acronymic: general electric bp KFC HSBS

Suggestive: real (uber, slack) composite(facebook, ray ban) invented(Kleenex, pinterest)

Abstract: rolex, Kodak

Descriptive + functional

Who: dell

What: Microsoft

Where: southwest

Idea+ Emotion

Nike, gopro, apple, google

Video:

What’s in a brand?

Name

Logo

Graphic elements

Slogan

Language, tone of voice

Mission statement, values

What is a good name?

is available for use

is unique

has the right tone for your market?

fits with your brand

is culturally appropriate

is gender appropriate

is age appropriate

has no negative associations or meaning preferably has positive associations?

is memorable

is future-proof

A linguistic check

Pronunciation

Meaning

interpretation

book note:

NEW PRODUCTS AND BRAND EXTENSIONS

As background, first consider the sources of growth for a firm. One useful perspective is

Ansoff’s product/market expansion grid, also known as the growth matrix. As in Figure 12-1,

we can categorize growth strategies according to whether they rely on existing or new products,

and whether they target existing or new customers or markets. Branding Brief 12-1 describes

McDonald’s growth strategies along these lines.

Although existing products can further penetrate existing customer markets or push into additional

ones (the focus of Chapter 13), new-product introductions are often vital to the long-run

success of a firm. A discussion of all the issues in effectively managing the development and

introduction of new products is beyond the scope of this chapter. Here we’ll simply address some

brand equity implications of new products.1

First we’ll establish some **terminology**. When a firm introduces a new product, it has three

choices for branding it:

1. It can develop a new brand, individually chosen for the new product.

2. It can apply one of its existing brands.

3. It can use a combination of a new brand and an existing brand.

Ansoff’s Growth Matrix

A **brand extension** occurs when a firm uses an established brand name to introduce a new

product (approach 2 or 3). As we noted in Chapter 11, when a new brand is combined with an

existing brand (approach 3), the brand extension can also be a sub-brand. An existing brand that

gives birth to a brand extension is the **parent brand**. If the parent brand is already associated

with multiple products through brand extensions, then it may also be called a **family brand**.

Brand extensions fall into two general categories:2

• **Line extension**:  Marketers apply the parent brand to a new product that targets a new market

segment within a product category the parent brand currently serves. A line extension often

adds a different flavor or ingredient variety, a different form or size, or a different application

for the brand (like Head & Shoulders Dry Scalp shampoo).

• **Category extension**:  Marketers apply the parent brand to enter a different product category

from the one it currently serves (like Swiss Army watches).

**Advantages of Brand Extension:**

Facilitate New Product Acceptance

Improve brand image

Reduce risk perceived by customers

Increase the probability of gaining distribution and trial

Increase efficiency of promotional expenditures

Reduce costs of introductory and follow-up marketing programs

Avoid cost of developing a new brand

Allow for packaging and labeling efficiencies

Permit consumer variety-seeking

Provide Feedback Benefits to the Parent Brand and Company

Clarify brand meaning

Enhance the parent brand image

Bring new customers into brand franchise and increase market coverage

Revitalize the brand

Permit subsequent extensions

Facilitate New-Product Acceptance

The high failure rate of new products has been well documented. Marketing analysts estimate

that only 2 of 10 new products will be successful, or maybe even as few as 1 of 10. Brand extensions

can certainly suffer some of the same shortcomings as any new product. Nevertheless,

a new product introduced as a brand extension may be more likely to succeed, at least to some

degree, because the advantages we describe below work to increase acceptance.

Improve Brand Image. As we saw in Chapter 2, one of the advantages of a well-known and

well-liked brand is that consumers form expectations of its performance over time. They can

form similar inferences and expectations about the likely composition and performance of a

brand extension, based on what they already know about the brand itself and the extent to which

they feel this information is relevant to the new product.7

These inferences may improve the strength, favorability, and uniqueness of the extension’s

brand associations. For example, when Sony first introduced its laptop and personal computer

tailored for multimedia applications, Vaio, consumers may have been more likely to feel comfortable

with its anticipated performance because of their experience with and knowledge of

other Sony products than if Sony had branded it as something completely new.

Reduce Risk Perceived by Customers. One research study found that the most important

factor for predicting initial trial of a new product was the extent to which it connected to a known

family brand.8 Extensions from well-known corporate brands such as General Electric, Hewlett-

Packard, Motorola, or others may communicate longevity and sustainability. Although corporate

brands can lack specific product associations because of the breadth of products attached to their

name, their established reputation for introducing high-quality products and standing behind

them may be an important risk-reducer for consumers.9

Perceptions of corporate credibility—in terms of the firm’s expertise and trustworthiness—

can be valuable associations in introducing brand extensions.10 Similarly, although widely

extended supermarket family brands such as Betty Crocker, Green Giant, Del Monte, and

Pepperidge Farm may lack specific product meaning, they may still stand for product quality

in the minds of consumers and, by reducing perceived risk, facilitate the adoption of brand

extensions.

Increase the Probability of Gaining Distribution and Trial. The potential for increased

consumer demand for a new product introduced as an extension may convince retailers to stock

and promote it. One study indicated that brand reputation was a key screening criteria of gatekeepers

making new-product decisions at supermarkets

Increase Efficiency of Promotional Expenditures. From a marketing communications perspective,

one obvious advantage of introducing a new product as a brand extension is that the

introductory campaign does not have to create awareness of both the brand and the new product

but instead can concentrate on only the new product itself.12

Several research studies document this benefit. One study of 98 consumer brands in 11 markets

found that successful brand extensions spent less on advertising than comparable new-name

entries spent.13 Another comprehensive study found similar results, indicating that the average

advertising-to-sales ratio for brand extensions was 10 percent, compared with 19 percent for

new brands.14

Reduce Costs of Introductory and Follow-Up Marketing Programs. Because of these

push and pull considerations in distribution and promotion, it has been estimated that a firm can

save 40–80 percent on the estimated $30–$50 million it can cost to launch a new supermarket

product nationally in the United States. Other efficiencies can result after the launch. For

example, when a brand becomes associated with multiple products, advertising can be more

cost-effective for the family brand as a whole.

Avoid Cost of Developing a New Brand. Developing new brand elements is an art and a

science. To conduct the necessary consumer research and employ skilled personnel to design

high-quality brand names, logos, symbols, packages, characters, and slogans can be quite

expensive, and there is no assurance of success. As the number of available—and appealing—

brand names keeps shrinking, legal conflicts grow more likely. To avoid these, a global trademark

search is a must for any major new brand launch or rebranding, and it can cost millions

of dollars.

Allow for Packaging and Labeling Efficiencies. Similar or identical packages and labels

for extensions can result in lower production costs and, if coordinated properly, more prominence

in the retail store where they can create a “billboard” effect. For example, Stouffer’s offers

a variety of frozen entrees with identical orange packaging that increases their visibility when

they are stocked together in the freezer. Coca-Cola soft drinks and Pepperidge Farm cookies

achieve a similar effect.

Permit Consumer Variety-Seeking. If marketers offer a portfolio of brand variants

within a product category, consumers who need a change—because of boredom or satiation—

can switch without having to leave the brand family. A complement of line extensions can

also encourage customers to use the brand to a greater extent or in different ways. Even

to compete effectively in some categories, marketers may need to have multiple items that

together form a cohesive product line. A company that seems to offer something for everyone

is L’Oréal.

Provide Feedback Benefits to the Parent Brand

Besides facilitating acceptance of new products, brand extensions can also provide positive feedback

to the parent brand in a number of ways.

Clarify Brand Meaning. Extensions can help clarify the meaning of a brand to consumers

and define the kinds of markets in which it competes, an important first step in the brand architecture

process. Thus, through brand extensions, Hunt’s means “tomato,” Clairol means “hair coloring,”

Gerber means “baby care,” and Nabisco means “baked cookies and crackers.” Figure 12-3

shows how other brands that have introduced multiple brand extensions have broadened their

meaning to consumers.

As Chapter 11 noted, broader brand meaning often is necessary so that firms avoid “marketing

myopia” and do not mistakenly draw narrow boundaries around their brand, either missing

market opportunities or becoming vulnerable to well-planned competitive strategies. Thus, as

Harvard’s Ted Levitt pointed out in a pioneering article, railroads are not just in the “railroad”

business but are also in the “transportation” business.16

Thinking more broadly about product meaning can easily inspire different marketing programs

and new-product opportunities. For example, when Steelcase introduced the slogan, “A Smarter

Way to Work,” it reflected the fact that the company had defined its business not as manufacturing

desks, chairs, file cabinets, and credenzas but as “helping to enhance office productivity.” For some

brands, creating broader meaning is critical and may be the only way to expand sales.

**Expanding Brand Meaning through Extensions:**

Enhance the Parent Brand Image. According to the customer-based brand equity model,

one desirable outcome of a successful brand extension is that it may enhance the parent brand

image by strengthening an existing brand association, improving the favorability of an existing

brand association, adding a new brand association, or a combination of these.

One common way a brand extension affects the parent brand image is by helping clarify

its core brand values and associations. Core brand associations, as we defined them in

Chapter 3, are those attributes and benefits that come to characterize all the products in the

brand line and, as a result, are those with which consumers often have the strongest associations.

For example, Nike has expanded from running shoes to other athletic shoes, athletic

clothing, and athletic equipment, strengthening its associations to “peak performance” and

“sports” in the process.

Another type of association that successful brand extensions may improve is consumer perceptions

of the company’s credibility. For example, one research study showed that a successful

corporate brand extension led to improved perceptions of the expertise, trustworthiness, and

likability of the company.18

Choosing to launch a new product or service with a completely new brand name means

forgoing these feedback benefits. In the late 1990s, with the advent of the Internet, several firms

introduced online versions of their services under a separate brand name. For example, Bank

One, a leading brand at the time, opened its online bank services under the Wingspan brand

name. Besides increasing the difficulty and expense of launching a new brand, these companies

also lost the opportunity to modernize the parent brand image and improve its technological credentials.

In many cases, the new ventures failed and their capabilities were folded back into the

parent organization.

Bring New Customers into the Brand Franchise and Increase Market Coverage. Line

extensions can benefit the parent brand by expanding market coverage, such as by offering a

product benefit whose absence may have prevented consumers from trying the brand. For example,

when Tylenol introduced a capsule form of its acetaminophen pain reliever, it was able

to attract consumers who had difficulty swallowing tablets and might have otherwise avoided

the brand.

Creating “news” and bringing attention to the parent brand may benefit the family brand as

a whole. Through the skillful introduction of extensions, Tide as a family brand has managed

to maintain its market leadership and actual market share—roughly 40 percent in the United

States—from the 1950s to the present. Ocean Spray has successfully introduced a wide range of

extensions to offer consumers more ways to enjoy cranberries.

Revitalize the Brand. Sometimes brand extensions can be a means to renew interest in

and liking for the brand. A classic example is with the General Motors luxury brand nameplate

Cadillac, whose sales were fading fast by the end of the 1990s. At that time, many

marketing experts put the brand on life support and predicted its demise. The introduction of

the sleek CTS sedan in 1999—backed by a powerful Led Zeppelin soundtrack in the launch

ads—signaled that things were changing for the brand. The follow-up introduction of the

flashy, muscular Escalade SUV, however, completely transformed the brand’s image. Seen as

urban and edgy, the Escalade further modernized the aging brand, making it more contemporary

and relevant.20

Permit Subsequent Extensions. One benefit of a successful extension—especially a category

extension—is that it may serve as the basis for subsequent extensions. Consider how

Billabong transcended its surfer origins to introduce products that tapped into related lifestyle

activities.

**Disadvantages of Brand Extension:**

Can confuse or frustrate consumers

Can encounter retailer resistance

Can fail and hurt parent brand image

Can succeed but cannibalize sales of parent brand

Can succeed but diminish identification with any one category

Can succeed but hurt the image of parent brand

Can dilute brand meaning

Can cause the company to forgo the chance to develop a new brand

Can Confuse or Frustrate Consumers

Different varieties of line extensions may confuse and perhaps even frustrate consumers about

which version of the product is the “right one” for them. With 16 varieties of Coke and 35 versions

of Crest toothpaste, consumers can easily feel overwhelmed.22 For example, one study

found that consumers were more likely to make a purchase after sampling a product (and being

given a coupon) when there were six product flavors to sample than when there were 24.23

So, in some situations, greater product variety may induce shoppers to buy less. Consumers

may reject new extensions for tried and true favorites or all-purpose versions that claim to

supersede more specialized product versions. The global success of Colgate Total is certainly

due in part to its positioning—reflected in its name—as an inclusive product that contains all the

necessary or desirable toothpaste benefits.

Many retailers do not have enough shelf or display space to stock the large number of new

products and brands continually being introduced even if they wanted to. So some consumers

may be disappointed when they’re unable to find an advertised brand extension because a

retailer is unable or unwilling to stock it. If a firm launches extensions that consumers deem

inappropriate, they may question the integrity and competence of the brand.

Can Encounter Retailer Resistance

The number of consumer packaged-goods stock-keeping units (SKUs) outpaces the growth

of retail space in year-on-year percentage growth. Own-brand or private-label goods also

continue to grow as a percentage of total grocery sales. Many brands now come in a multitude

of different forms. For example, Campbell’s has introduced a number of different

lines of soup—including Condensed, Home Cookin’, Chunky, Healthy Request, Select,

Simply Home, Ready-to-Serve Classic, and portable Soup at Hand—and offers more than

100 flavors in all.

As a result, it has become virtually impossible for a grocery store or supermarket to

offer all the different varieties available across all the different brands in any one product

category. Moreover, retailers often feel that many line extensions are merely “me-too”

products that duplicate existing brands in a product category and should not be stocked

even if there is space. Walmart, the biggest retailer in the United States, attempts to stock

the items that sell best, dropping as many as 20 percent of slow-moving items from its

shelves annually.2

Can Fail and Hurt Parent Brand Image

The worst possible scenario for an extension is not only to fail, but to harm the parent

brand image in the process. Unfortunately, these negative feedback effects can sometimes

happen.

Consider General Motors’ experience with the Cadillac Cimarron. This model, introduced

in the early 1980s, was a “relative” of models in other GM lines, such as the Pontiac 2000

and Chevrolet Cavalier. The target market was less-affluent buyers who were seeking a small

luxury car but could not really afford a full-size Cadillac. Not only was the Cadillac Cimarron

unsuccessful at generating new sales with this market segment, but existing Cadillac owners

hated it. They felt it was inconsistent with the large size and prestige image they expected from

Cadillac. As a result, Cadillac sales dropped significantly in the mid-1980s. Looking back, one

GM executive offered the following insights:27

The decision was made purely on the basis of short-sighted profit and financial analysis,

with no accounting for its effect on long-run customer loyalty or, if you will,

equity. A typical financial analysis would argue that the Cimarron will rarely steal sales

from Cadillac’s larger cars, so any sale would be one that we wouldn’t have gotten

otherwise. The people who were most concerned with such long-range issues raised

serious objections but the bean counters said, “Oh no, we’ll get this many dollars for

every model sold.” There was no thinking about brand equity. We paid for the Cimarron

down the road. Everyone now realizes that using the model to extend the name was a

horrible mistake.

Even if an extension initially succeeds, by linking the brand to multiple products, the

firm increases the risk that an unexpected problem or even a tragedy with one product in

the brand family can tarnish the image of some or all the remaining products. The Audi is a

classic example.

Can Succeed but Cannibalize Sales of Parent Brand

Even if sales of a brand extension are high and meet targets, success may result merely from

consumers switching from existing offerings of the parent brand—in effect cannibalizing it.

Line extensions designed to establish points-of-parity with current offerings in the parent brand

category particularly may result in cannibalization. Sometimes, however, such intrabrand shifts

in sales are not undesirable; we can think of them as a form of “preemptive cannibalization.” In

other words, without the introduction of the line extension, consumers might have switched to a

competing brand instead.

For example, Diet Coke’s point-of-parity of “good taste” and point-of-difference of “low

calories” undoubtedly took some sales from regular Coke drinkers. In fact, although U.S. sales

of Coca-Cola’s cola products have held steady since 1980, sales in 1980 came from Coke alone,

whereas sales today include significant contributions from Diet Coke, Coke Zero, Cherry Coke,

and uncaffeinated and flavored forms of Coke. Without the introduction of those extensions,

however, some of Coke’s sales might have gone to competing Pepsi products or other soft drinks

or beverages instead.

Can Succeed but Diminish Identification with Any One Category

One risk of linking multiple products to a single brand is that the brand may not be strongly

identified with any one product. Thus, brand extensions may obscure the brand’s identification

with its original categories, reducing brand awareness.29 For example, when Cadbury became

linked in the United Kingdom to mainstream food products such as Smash instant potatoes,

its marketers may have run the risk of weakening its association to fine chocolates. Pepperidge

Farm is another brand that has been accused of extending so much (into pastries, bread, and

snacks) that it has lost its original meaning of “delicious, high-quality cookies.”

Can Succeed but Hurt the Image of the Parent Brand

If customers see the brand extension’s attribute or benefit associations as inconsistent or even

conflicting with the corresponding associations for the parent brand, they may change their

perceptions of the parent brand as a result.

In a classic example, Miller Brewing has had much difficulty creating a “hearty” association

to its flagship Miller High Life beer brand, in part because of its clear bottle and its advertising

heritage as the “champagne of bottled beer.” It has often been argued that Miller Lite’s early

success—its extension-market share soared from 9.5 percent in 1978 to 19 percent in 1986—only

exacerbated customers’ tendency to think of Miller High Life as “watery” and not a full-bodied

beer. These unfavorable perceptions may have contributed to the decline of Miller High Life,

whose market share slid from 21 percent to 12 percent during that same eight-year period.

Can Dilute Brand Meaning

The potential drawbacks of a brand extension’s lack of identification with any one category and

a weakened image may be especially evident with high-quality or prestige brands. Consider how

Gucci ran into the hazards of overexpansion.

Can Cause the Company to Forgo the Chance to Develop a New Brand

One easily overlooked disadvantage of brand extensions is that by introducing a new product as a

brand extension, the company forgoes the chance to create a new brand, with its own unique image

and equity. For example, consider the benefits Disney enjoyed from introducing Touchstone Pictures

films, which attracted an audience interested in more adult themes and situations than its traditional

family-oriented releases, or the boost Levi’s earned from Dockers pants, which attracted a segment

looking for casual pants. Amazon’s runaway success with Kindle suggests another example.

UNDERSTANDING HOW CONSUMERS EVALUATE

BRAND EXTENSIONS

Managerial Assumptions

To analyze potential consumer response to a brand extension, let’s start with a baseline case

in which consumers are evaluating the brand extension based only on what they already know

about the parent brand and the extension category, and before any advertising, promotion, or detailed

product information is available. This baseline case provides the cleanest test of the extension

concept itself, and it gives managers guidance about whether to proceed with an extension

concept and, if so, what type of marketing program they might need.

Under these baseline conditions, we can expect consumers to use their existing brand

knowledge, as well as what they know about the extension category, to try to infer what the extension

product might be like. For these inferences to result in favorable evaluations of an extension,

**four basic conditions** must generally hold true:

1. Consumers have some awareness of and positive associations about the parent brand in

memory. Unless they have positive associations about the parent brand, consumers are unlikely

to form favorable expectations of an extension.

2. At least some of these positive associations will be evoked by the brand extension. A

number of different factors will determine which parent brand associations are evoked, but

in general, consumers are likely to infer associations similar in strength, favorability, and

uniqueness to the parent brand when they see the brand extension as similar or close in fit

to the parent.

3. Negative associations are not transferred from the parent brand. Ideally, any negative associations

that do exist for the parent brand will be left behind and not play a prominent role

in consumers’ evaluation of the extension.

4. Negative associations are not created by the brand extension. Finally, any parent-brand

attributes or benefits that consumers view positively—or at least neutrally—must not be

seen as negative for the extension. Consumers must also not infer any new attribute or benefit

associations that did not characterize the parent brand but which they see as a potential

drawback to the extension.

Brand Extensions and Brand Equity

An extension’s ultimate success will depend on its ability to both achieve some of its own brand

equity in the new category and contribute to the equity of the parent brand.

Creating Extension Equity. For the brand extension to create equity, it must have a sufficiently

high level of awareness and achieve necessary and desired points-of-parity and pointsof-

difference. Brand awareness will depend primarily on the marketing program and resources

devoted to spreading the word about the extension. As Chapter 11 described, it will also obviously

depend on the type of branding strategy adopted: The more prominently we use an existing

brand that has already achieved a certain level of awareness and image to brand an extension,

the easier it should be to create awareness of and an image for the extension in memory.

Initially, whether we can create a positive image for an extension will depend on **three**

**consumer-related factors:**

1. How salient显著的 parent brand associations are in the minds of consumers in the extension context;

that is, what information comes to mind about the parent brand when consumers think

of the proposed extension, and the strength of those associations.

2. How favorable any inferred associations are in the extension context; that is, whether this

information suggests the type of product or service the brand extension would be, and

whether consumers view these associations as good or bad in the extension context.

3. How unique any inferred associations are in the extension category; that is, how these perceptions

compare with those about competitors.

As with any brand, successful brand extensions must achieve desired points-of-parity and

points-of-difference. Without powerful points-of-difference, the brand risks becoming an undistinguished

“me-too” entry, vulnerable to well-positioned competitors.34 Tauber refers to “competitive

leverage” as the set of advantages that a brand conveys to an extended product in the

new category, that is, “when the consumer, by simply knowing the brand, can think of important

ways that they perceive that the new brand extension would be better than competing brands in

the category.”35 This appeared to be the case with the UK launch of the Dettol Easy Mop disposable

mop system, an extension of Reckitt-Benckiser’s Dettol household cleaner brand, which

leveraged the familiar Dettol brand in outselling other entrants into the category.36

At the same time, marketers must also establish any required points-of-parity. The more

dissimilar the extension product is to the parent brand, the more likely that points-of-parity will

become a positioning priority, and the more important it is to make sure that category POPs are

sufficiently well established. Consumers might have a clear understanding of the extension’s

intended point-of-difference because it uses an existing brand name. What they often need reassurance

about, however—and what should often be the focus of the marketing program—is

whether the extension also has the necessary points-of-parity.

Contributing to Parent Brand Equity. To contribute to parent brand equity, an extension

must strengthen or add favorable and unique associations to the parent brand and not diminish

the strength, favorability, or uniqueness of any existing associations. **The effects of an extension**

**on consumer brand knowledge will depend on four factors:**

1. How compelling the evidence is about the corresponding attribute or benefit association

in the extension context—that is, how attention-getting and unambiguous or easily interpretable

the information is. Strong evidence is attention-getting and unambiguous. Weak

evidence may be ignored or discounted.

2. How relevant or diagnostic the extension evidence is for the attribute or benefit for the parent

brand, that is, how much consumers see evidence on product performance or imagery in

one category as predictive of product performance or imagery for the brand in other categories.

Evidence will affect parent brand evaluations only if consumers feel extension performance

is indicative of the parent brand in some way.

3. How consistent the extension evidence is with the corresponding parent brand associations.

Consistent extension evidence is less likely to change the evaluation of existing parent

brand associations. Inconsistent extension evidence creates the potential for change, with

the direction and extent of change depending on the relative strength and favorability of the

evidence. Note, however, that consumers may discount or ignore highly inconsistent extension

evidence if they don’t view it as relevant.37

4. How strongly existing attribute or benefit associations are held in consumer memory for the

parent brand, that is, how easy an association might be to change.

Feedback effects that change brand knowledge are thus most likely when consumers view

information about the extension as equally revealing about the parent brand, and when they

hold only a weak and inconsistent association between the parent brand and that information.

38 Note that negative feedback effects are not restricted to product-related performance

associations. As we saw earlier, if a brand has a favorable prestige image association, then

consumers may disapprove or even resent a vertical extension (a new version of the product at

a lower price). Michelin is a premium brand that has extended carefully.

Vertical Brand Extensions

We’ve seen that brand extensions can expand market coverage and bring new consumers into

the brand franchise. **Vertical brand extensions**, which extend the brand up into more premium

market segments or down into more value-conscious segments, are a common means of attracting

new groups of consumers. The central logic here is that the equity of the parent brand can

be transferred in either direction to appeal to consumers who otherwise would not consider it.

Pros and Cons. Vertical extensions can confer a number of advantages. An upward extension

can improve brand image, because a premium version of a brand often brings positive associations

with it. Extensions in either direction can offer consumers variety, revitalize the parent

brand, and permit further extensions in a given direction.

Yet vertical extensions are also susceptible to many of the disadvantages of brand extensions.

A vertical extension to a new price point, whether higher or lower, can confuse or frustrate

consumers who have learned to expect a certain price range from a brand. Consumers may reject

the extension and the parent brand’s image will suffer. For prestige brands in particular, firms

must often maintain a balance between availability and scarcity such that people always aspire

to be a customer and do not feel excluded.

Even a successful downward extension has the possibility of harming the parent’s brand image

by introducing associations common to lower-priced brands, such as inferior quality or reduced

service. Interestingly, however, research has shown that higher-quality extensions are likely

to improve evaluations of the parent brand more than lower-quality extensions might harm it.40

One of the biggest risk factors of a vertical extension, particularly a downward one, is that

it will succeed but cannibalize sales of a parent brand. It may bring new consumers to the brand

franchise, but it may also bring a greater number of existing customers of the parent brand.

Naming Strategies. Firms often adopt sub-branding strategies to distinguish their lowerpriced

entries. US Airways introduced US Airways Shuttle as an inexpensive short-haul carrier

to compete with no-frills Southwest Airlines in the lucrative Eastern corridor market. Such

extension introductions clearly must be handled carefully; typically, the parent brand plays a

secondary role.

An even more difficult vertical extension is an upward brand stretch. In general, it is difficult

to change people’s impressions of the brand enough to justify a significant upward extension.

Concern about the unwillingness of consumers to update their brand knowledge was what led

Honda, Toyota, and Nissan to introduce their luxury car models as separate nameplates (Acura,

Lexus, and Infiniti, respectively). As it turns out, product improvements to the upper ends of

their brand lines since the introduction of these new car nameplates may have made it easier to

bridge the gap into the luxury market with their brands. When it later elected to move down market,

Toyota developed the Scion brand in part to avoid reducing the strength of the Toyota image.

By developing unique brand names, companies pursuing vertical expansion can avoid a

negative transfer of equity from a “lower” brand to a “higher” brand, but they sacrifice some

ability to transfer positive associations. Yet when the parent brand makes no secret of its ownership

of the vertical brands, as is the case with both the Gap and Toyota, some associations may

be transferred because the parent acts as a “shadow endorser” of the new brand.44

EVALUATING BRAND EXTENSION OPPORTUNITIES

Academic research and industry experience have revealed a number of principles governing successful

brand extensions. Marketers must consider their strategies carefully by systematically

following the steps listed in Figure 12-6 and using managerial judgment and marketing research

to help make each of these decisions.

Define Actual and Desired Consumer Knowledge about the Brand

It’s critical for marketers to fully understand the depth and breadth of awareness of the parent

brand, and the strength, favorability, and uniqueness of its associations. Moreover, marketers

must know what is to be the basis of positioning and core benefits satisfied by the brand.

Profi ling actual and desired brand knowledge structures helps identify possible brand extensions

as well as guide decisions that contribute to their success. In evaluating an extension, a company

must understand where it would like to take the brand in the long run. Because the introduction

of an extension can change brand meaning, it can affect consumer response to all subsequent

marketing activity as well

Identify Possible Extension Candidates

Chapter 11 described a number of consumer, firm, and competitor criteria for choosing which

products and markets a firm should enter. With respect to consumer factors, marketers should

consider parent brand associations—especially as they relate to brand positioning and core

benefits—and product categories that might seem to fit with that brand image in the minds of

consumers.45 Although consumers are generally better able to react to an extension concept than

to suggest one, it still may be instructive to ask consumers what products the brand should consider

offering if it were to introduce a new product. Brainstorming is another way to generate

category extension candidates, along with consumer research.

One or more associations can often serve as the basis of fit. Beecham marketed Lucozade

in Britain for years as a glucose drink to combat dehydration and other maladies of sick children.

By introducing new flavor formulas, packaging formats, and so forth, Beecham was able

to capitalize on the association of the brand as a “fluid replenisher” to transform its meaning

to “a healthy sports drink for people of all ages.” Reinforced by ads featuring the famous British

Olympic decathlete Daley Thompson, sales and profits for the brand increased dramatically.

Thus, by recognizing that Lucozade did not have to be just a pharmaceutical product but could

be repositioned through brand extensions and other marketing activity as a healthy and nutritious

drink, Beecham was able to credibly transform the brand.46

Evaluate the Potential of the Extension Candidate

In forecasting the success of a proposed brand extension, marketers should assess—through

judgment and research—the likelihood that the extension will realize the advantages and avoid

the disadvantages of brand extensions, as summarized in Figures 12-2 and 12-4. As with any

new product, analysis of the 3 Cs—consumer, corporate, and competitive factors—as well as

category factors can be useful.

**Steps in Successfully Introducing Brand Extensions：**

1. Define actual and desired consumer knowledge about the brand (e.g.,

create mental map and identify key sources of equity).

2. Identify possible extension candidates on basis of parent brand associations

and overall similarity or fit of extension to the parent brand.

3. Evaluate the potential of the extension candidate to create equity

according to the three-factor model:

• Salience of parent brand associations

• Favorability of inferred extension associations

• Uniqueness of inferred extension associations

4. Evaluate extension candidate feedback effects according to the four-factor

model:

• How compelling the extension evidence is

• How relevant the extension evidence is

• How consistent the extension evidence is

• How strong the extension evidence is

5. Consider possible competitive advantages as perceived by consumers and

possible reactions initiated by competitors.

6. Design marketing campaign to maximize the likelihood of success and

potential positive feedback effects.

7. Evaluate extension success and effects on parent brand equity.

Consumer Factors. To evaluate the potential of a proposed brand extension, we assess its

ability to achieve its own brand equity, as well as the likelihood that it can affect the parent

brand’s existing brand equity. First, marketers must forecast the strength, favorability, and

uniqueness of all associations to the brand extension. In other words, what will be the salience,

favorability, or uniqueness of parent brand associations in the proposed extension context? Similarly,

what will be the strength, favorability, and uniqueness of any other inferred associations?

The three-factor model of extension evaluations and the four-factor model of extension feedback

effects can provide guidance in studying consumer reactions.

To narrow down the list of possible extensions, we often need consumer research (see Chapter 10

for a review). We can ask consumers directly for their brand permission (“How well does the proposed

extension fit with the parent brand?” or “Would you expect such a new product from the parent

brand?”). We can even ask what products they believe are currently attached to the brand: If a majority

of consumers believe a proposed extension product is already being sold under the brand, there

would seem to be little risk in introducing it, at least based on initial consumer reaction.

To understand consumers’ perceptions of a proposed extension, we can use open-ended

associations (“What comes into your mind when you think of the brand extension?” or “What are

your first impressions on hearing that the parent brand is introducing the extension?”), as well as

ratings scales based on reactions to concept statements. An interesting new statistical approach

uses Bayesian factor analysis to separate brand and category effects to better assess brand fit.47

Common pitfalls include failing to take all consumers’ brand knowledge structures into account.

Often marketers mistakenly focus on one or perhaps a few brand associations as a potential

basis of fit and ignore other, possibly more important, brand associations in the process.

Corporate and Competitive Factors. Marketers must take not only a consumer perspective

in evaluating a proposed brand extension, but also a broader corporate and competitive perspective.

How effectively are the corporate assets leveraged in the extension setting? How relevant

are existing marketing programs, perceived benefits, and target customers to the extension?

What are the competitive advantages to the extension as consumers perceive them, and possible reactions initiated by competitors as a result?

One of the biggest mistakes marketers make in launching extensions is failing to properly

account for competitors’ actions and reactions.49 Too many extension products and too strongly

entrenched competition can put a strain on company resources. Arm & Hammer’s brand extension

program met major resistance in categories such as deodorants when existing competitors

fought back.

Brand counterextensions—whereby a competing brand in the extension category chooses

to launch its own extension into the parent brand’s category—can pose a significant threat. The

introduction of Hershey’s strawberry syrup was followed by Smucker’s chocolate syrup; Dixie

paper plates was followed by Chinet paper cups. A successful extension can reduce the perceived

fit between categories, making it easier for a brand to counterattack.50

Category Factors. Marketers must determine the optimal product line strategy for their brand. To do so, they need a clear understanding of the market and the cost interdependencies between products.51 This in turn means examining the percentage of sales and profits contributed by each item in the product line and its ability to withstand competition and address consumer

needs.

A product line is too short if the manager can increase long-term profits by adding items;

the line is too long if the manager can increase profits by dropping items.52 Increasing the length

of the product line by adding new variants or items typically expands market coverage and therefore

market share, but it also increases costs. From a branding perspective, longer product lines

may decrease the consistency of the associated brand image if all items use the same brand.

Design Marketing Programs to Launch Extension

Too often companies use extensions as a shortcut means of introducing a new product and

pay insufficient attention to developing a branding and marketing strategy that will maximize

the equity of the brand extension as well as enhance the equity of the parent brand. As is the

case with a new brand, building brand equity for a brand extension requires choosing brand

elements, designing the optimal marketing program to launch the extension, and leveraging

secondary associations.

Choosing Brand Elements. By definition, brand extensions retain one or more elements

from an existing brand. They do not have to leverage only the brand name but can use other

brand elements too. For example, Heinz and Campbell Soup have implemented package designs

that distinguish different line extensions or brand types but reveal their common origin at the

same time.55

Sometimes packaging is such a critical component of brand equity that it is hard to imagine

an extension without it. Brand managers are in a real dilemma in such cases, because if they

choose the same type of packaging, they run the risk that the extension will not be well distinguished.

If they use different packaging, they may leave a key source of brand equity behind.

A brand extension can retain or modify one or more brand elements from the parent brand

as well as adopt its own brand elements. In creating new brand elements for an extension, marketers

should follow the same guidelines of memorability, meaningfulness, likeability, protectability,

adaptability, and transferability that we described in Chapter 4 for the development of

any brand.

New brand elements are often necessary to help distinguish the brand extension and build

awareness and image. As Chapter 11 noted, the relative prominence of existing parent brand

elements and new extension brand elements will dictate the strength of transfer from the parent

brand to the extension, as well as the feedback from the extension to the parent brand.

Designing Optimal Marketing Program. The marketing program for a brand extension

must consider the same guidelines in building brand equity that we described in Chapters 5

and 6. Consumer perceptions of value must guide pricing decisions, distribution strategies must

blend push and pull considerations, and the firm must integrate marketing communications by

mixing and matching communication options.

When it comes to positioning, the less similar the extension is to the parent brand, the more

important it typically is to establish necessary and competitive points-of-parity. The points-ofdifference

for a category extension in many cases directly follow from the points-of-difference

for the parent brand, and consumers readily perceive them. Thus, when Nivea extended into

Leveraging Secondary Brand Associations. Brand extensions will often leverage the same

secondary associations as the parent brand, although competing in the extension category may

require some additional fortification like linking to other entities. A brand extension differs in

that, by definition, there is always some leveraging of another brand or company. The extent to

which these other associations become linked to the extension, however, depends on the branding

strategy the firm adopts and how it brands the extension. As we’ve seen, the more common

the brand elements and the more prominence they receive, the more likely it is that parent brand

associations will transfer.

Evaluate Extension Success and Effects on Parent Brand Equity

The final step in evaluating brand extension opportunities is to assess the extent to which an

extension is able to achieve its own equity as well as contribute to the equity of the parent brand.

To help measure its success, we can use brand tracking based on the customer-based brand

equity model or other key measures of consumer response, centered on both the extension and

the parent brand as a whole. Brand Focus 12.0 contains a simple checklist and describes a more

detailed scorecard to help in evaluating brand extension opportunities.

EXTENSION GUIDELINES BASED ON ACADEMIC RESEARCH

Now we turn to some specific guidance about brand extensions. Fortunately, much academic

research has focused on this strategy. We summarize some of the important conclusions in

1. Successful brand extensions occur when the parent brand is seen as having

favorable associations and there is a perception of fit between the parent

brand and the extension product.

2. There are many bases of fit: product-related attributes and benefits as well

as non-product-related attributes and benefits related to common usage

situations or user types.

3. Depending on consumer knowledge of the product categories, perceptions

of fit may be based on technical or manufacturing commonalities or more

surface considerations such as necessary or situational complementarity.

4. High-quality brands stretch farther than average-quality brands, although

both types of brands have boundaries.

5. A brand that is seen as prototypical of a product category can be difficult

to extend outside the category.

6. Concrete attribute associations tend to be more difficult to extend than

abstract benefit associations.

7. Consumers may transfer associations that are positive in the original

product class but become negative in the extension context.

8. Consumers may infer negative associations about an extension, perhaps

even based on other inferred positive associations.

9. It can be difficult to extend into a product class that is seen as easy to

make.

10. A successful extension can not only contribute to the parent brand image

but also enable a brand to be extended even farther.

11. An unsuccessful extension hurts the parent brand only when there is a

strong basis of fit between the two.

12. An unsuccessful extension does not prevent a firm from backtracking and

introducing a more similar extension.

13. Vertical extensions can be difficult and often require sub-branding

strategies.

14. The most effective advertising strategy for an extension is one that

emphasizes information about the extension (rather than reminders about

the parent brand).

15. Individual differences can affect how consumers make an extension

decision, and will moderate extension effects.

16. Cultural differences across markets can influence extension success.

1. **Successful brand extensions occur when the parent brand has favorable associations and**

**consumers perceive a fit between the parent brand and the extension product.** To better

understand the process by which consumers evaluate a brand extension, many academic researchers

have adopted a “categorization” perspective. Categorization research has its roots

in psychological research, showing that people do not deliberately and individually evaluate

each new stimulus to which they are exposed. Instead, they usually evaluate a stimulus in

terms of whether they can classify it as a member of a previously defined mental category.

We could argue that consumers use their categorical knowledge of brands and products

to simplify, structure, and interpret their marketing environment.57 For example, consumers

may see brands as categories that over time have acquired a number of specific attributes

based on their individual members.58 As Method has expanded its range of cleaning

products, consumers might develop stronger brand associations to “modern designs” and

“environmentally friendliness.”

In this categorization perspective, if consumers saw a brand extension as closely related

or similar to the brand category, they could easily transfer their existing attitude about the

parent brand to the extension. If they were not as sure about the similarity, they might evaluate

the extension in a more detailed, piecemeal fashion. In this case, the strength, favorability,

and uniqueness of salient brand associations would determine how they viewed the

extension.59

Thus, a categorization view considers consumers’ evaluations of brand extensions to be

a two-step process. First, consumers determine whether there is a match between what they

know about the parent brand and what they believe to be true about the extension. Then, if

the match is good, consumers might transfer their existing brand attitudes to the extension.

Consistent with these notions, Aaker and Keller collected consumer reactions to 20

proposed extensions from six well-known brands and found that both a perception of fi t

between the original and extension product categories and a perception of high quality for

the parent brand led to more favorable extension evaluations.60

A number of subsequent studies have explored the generalizability of these fi ndings to

markets outside the United States. Based on a comprehensive analysis of 131 brand extensions

from seven such replication studies around the world, Bottomly and Holden concluded

that this basic model clearly generalized, although cross-cultural differences infl uenced the

relative importance attached to the model components.61

Thus, in general, brand extensions are more likely to be favorably evaluated by consumers

if they see some bases of fi t or congruity between the proposed extension and parent brand.62

A lack of perceived fi t may doom a potentially successful brand extension. Interestingly, moderately

incongruent extensions can evoke more favorable extension evaluations than highly

congruent extensions under certain specialized situations, such as when consumers are highly

involved and the extension is otherwise undifferentiated from competitors.63

2. There are many bases of fit: both product-related and non-product-related attributes

and benefits may influence extension fit.  Any association about the parent brand that consumers

hold in memory may serve as a potential basis of fi t. Most academic researchers

assume consumers’ judgments of similarity are a function of salient shared associations

between the parent brand and the extension product category. Specifi cally, the more common

and the fewer distinctive associations that exist, the greater the perception of overall

similarity, whether based on product- or non-product-related attributes and benefi ts.64

Consumers may also use attributes for a prototypical brand or a particular exemplar as the

standard of reference for the extension category and form their perceptions of fi t with the

parent brand on that basis.

To demonstrate how fi t does not have to be based on product-related associations alone,

Park, Milberg, and Lawson have distinguished between fi t based on “product-feature similarity”

(as described earlier) and “brand-concept consistency.”65  They defi ne brand concepts

as the brand-unique image associations that arise from a particular combination of

attributes, benefi ts, and the marketing efforts used to translate these attributes into higherorder

meanings (such as high status). Brand-concept consistency  measures how well the

brand concept accommodates the extension product. The important point these researchers

make is that different types of brand concepts from the same original product category may

extend into the same category with varying degrees of success, even when product-feature

similarity is high.

Park and his coauthors further distinguish between function-oriented brands , whose

dominant associations relate to product performance (like Timex watches), and prestigeoriented

brands , whose dominant associations relate to consumers’ expression of self-concepts

or images (like Rolex watches). Experimentally, they showed that the Rolex brand

could more easily extend into categories such as grandfather clocks, bracelets, and rings

than the Timex brand; however, Timex could more easily extend into categories such as

stopwatches, batteries, and calculators. In the former case, high brand-concept consistency

for Rolex overcame a lack of product-feature similarity; in the latter case, product-feature

Broniarczyk and Alba provide another compelling demonstration of the importance of

recognizing salient brand associations. A brand that may not even be as favorably evaluated

as a competing brand in its category may be more successfully extended into certain categories,

depending on the particular parent brand associations involved. For example, although

Close-Up toothpaste was not as well liked by their sample as Crest, a proposed Close-Up

breath mint extension was evaluated more favorably than one from Crest. But a proposed

Crest toothbrush extension was evaluated more favorably than one from Close-Up.66

Broniarczyk and Alba also showed that a perceived lack of fit between the parent

brand’s product category and the proposed extension category could be overcome if key

parent brand associations were salient and relevant in the extension category. For example,

Froot Loops cereal—which has strong brand associations to “sweet,” “fl avor,” and “kids”—

was better able to extend to dissimilar product categories such as lollipops and popsicles

than to similar product categories such as waffl es and hot cereal, because of the relevance of

its brand associations in the dissimilar extension category. The reverse was true for Cheerios

cereal, however, which had a “healthy grain” association that was relevant only in similar

extension product categories.

Thus, extension fi t is more than just the number of common and distinctive brand associations

between the parent brand and the extension product category.67  These research

studies and others demonstrate the importance of taking a broader perspective of categorization

and fi t. For example, Bridges, Keller, and Sood refer to “category coherence.” Coherent

categories are those whose members “hang together” and “make sense.” According to these

authors, to understand the rationale for a grouping of products in a brand line, a consumer

needs “explanatory links” that tie the products together and summarize their relationship.

The physically dissimilar toy, bath care, and car seat products in the Fisher-Price product

line can be united by the link “products for children.”68

Researchers have also explored other, more specifi c, aspects of fi t. Boush provides experimental

data about the robustness and context sensitivity of fi t judgments.69  Similarity

judgments between pairs of product categories were found to be asymmetrical, and brand

name associations could reverse the direction of asymmetry. For example, more subjects

agreed with the statement “Time  magazine is like Time  books” than with the statement,

“Time  books are like Time  magazine,” but without the brand names (just using “books” and

“magazines”), the preferences were reversed. Smith and Andrews surveyed industrial goods

marketers and found that the relationship between fi t and new product evaluations was not

direct; it was mediated and infl uenced by customers’ confi dence that a fi rm could provide a

proposed new product.70

3. Depending on their knowledge of the product categories, consumers may perceive fit

based on technical or manufacturing commonalities, or on surface considerations such

as necessary or situational complementarity.  Consumers can also base fi t on considerations

other than attributes or benefi ts. Taking a demand-side and supply-side perspective of

consumer perceptions, Aaker and Keller showed that perceived fi t between the parent brand

and the extension product could be related to the economic notions of substitutability and

complementarity in product use (from a demand-side perspective), as well as to the fi rm’s

perceived grasp of the skills and assets necessary to make the extension product (from a

supply-side perspective).

Thus, Honda’s perceived expertise in making motors for lawn mowers and cars may

help perceptions of fi t for any other machinery with small motors that Honda might want to

introduce. Similarly, expertise with small disposable products offers numerous opportunities

for Bic. On the other hand, some extension examples have little manufacturing compatibility

but greater usage complementarity, such as Colgate’s extension from toothpaste to

toothbrushes or Duracell’s extension from batteries to fl ashlights.

These perceptions of fi t, however, may depend on how much consumers know about

the product categories. As Muthukrishnan and Weitz demonstrated, “expert” consumers

are more likely to use technical or manufacturing commonalities to judge fi t, considering

similarity in terms of technology, design and fabrication, and the materials and components

used in the manufacturing process. Less knowledgeable “novice” consumers, on the other

hand, are

shape, color, size, and usage.71  They may see a basis of fi t between tennis racquets and

tennis shoes rather than between tennis racquets and golf clubs, despite the fact that the latter

actually share more manufacturing commonalities. The effects for more knowledgeable

consumers were reversed, because they recognized the technical synergies in manufacturing

tennis racquets and golf clubs.

Zhang and Sood showed a similar pattern of knowledge effects based on age. Children—

who have less brand knowledge than adults—were more likely to evaluate extensions on

the basis of surface cues (such as brand name linguistic characteristics of an

extension, for example whether a brand name rhymed or not) while adults were more

likely to use deep cues (like category similarity between the parent brand and extension

category).72

4. High-quality brands stretch farther than average-quality brands, although both types

have boundaries.  Consumers often see high-quality brands as more credible, expert, and

trustworthy. As a result, even if they believe a relatively distant extension does not really

fi t with the brand, they may be more willing to give a high-quality brand the benefi t of the

doubt than a brand they see as average in quality.73

Thus, one important benefi t of building a strong brand is that it can extend more easily

into more diverse categories.74  Fedorikhin, Park, and Thomson found that if consumers had

a high degree of attachment with a brand, they were willing to pay more for an extension,

recommend it to others, and forgive any mishaps.75  Similarly, Yeung and Wyer showed that

if a brand evokes a strong positive emotional reaction, consumers are likely to be less influenced

by the fi t of the extension.76

Regardless, all brands have boundaries, as a number of observers have persuasively

argued by pointing out ridiculous, and even comical, hypothetical brand extension possibilities.

As Tauber once noted, few consumers would want Jell-O shoelaces or Tide

frozen entrees!

5. A brand that consumers see as prototypical for a product category can be difficult to extend

outside the category.  As a caveat to the conclusion above, if consumers see a brand as

exemplifying a category too strongly, it may be difficult for them to think of it in any other

way. Numerous examples exist of category leaders that have failed in introducing brand

extensions.77

Bayer, a brand synonymous with aspirin, ran into a stumbling block introducing

the Bayer Select line of specialized nonaspirin painkillers.78 Chiquita was unsuccessful

in its attempt to move beyond its strong “banana” association with a frozen juice bar

extension.79  Country Time could not overcome its “lemonade” association to introduce

The relationship between primary and secondary ingredients Clorox may have encountered

might also explain why Aunt Jemima was successful in introducing a pancake syrup

extension from its well-liked pancake mix product, but syrup maker Log Cabin was less

successful in introducing a pancake mix extension: pancake mix is seen as a more dominant

ingredient than pancake syrup in breakfast pancakes.

6. Concrete attribute associations tend to be more difficult to extend than abstract benefit

associations.  The limits to market leaders’ extension boundaries may be more rigid because

many market leaders have strong concrete product attribute associations. These may even

be reinforced by their names, like Liquid Paper, Cheez Whiz, and Shredded Wheat.81

La-Z-Boy, for example, has struggled some to expand its strong usage imagery outside the

narrow product line of recliners.

Concrete attribute associations thus may not transfer as broadly to extension

categories as more abstract attribute associations.

study showed that consumers dismissed a hypothetical Heineken popcorn extension as

potentially tasting bad or like beer, and a hypothetical Crest chewing gum extension as

tasting unappealing or like toothpaste. In each case, consumers inferred a concrete attribute

association for an extension that was technically feasible, even though common

sense might have suggested that, logically, a manufacturer would not likely introduce a

product with such an attribute.

More abstract associations, on the other hand, may be more relevant across a wide

set of categories because of their intangible nature. For example, Aaker and Keller also

showed that the Vuarnet brand had a remarkable ability to transfer to a disparate set of

product categories, such as sportswear, watches, wallets, and even skis. In these cases,

complementarity may have led consumers to infer that the extension would have the

“stylish” attribute associated with the Vuarnet name, and they valued such an association

in the different contexts.

We should note several caveats, however. First, parent brands’ concrete attributes can

transfer to some product categories.83  A concrete attribute that is highly valued in the extension

category because it creates a distinctive taste, ingredient, or component can often

make the extension successful. According to Farquhar and Herr, such extensions might

include Tylenol sinus medication, Oreo cookies and cream ice cream, and Arm & Hammer

carpet deodorizer.84

Second, abstract associations may not always transfer easily. This second caveat

emerged from a study conducted by Bridges, Keller, and Sood, who examined the relative

transferability of product-related brand information when it was represented either

as an abstract brand association or as a concrete brand association. For example, one

such comparison contrasted the relative transferability of a watch brand characterized

by dominant concrete attribute associations such as “water-resistant quartz movements,

a time-keeping mechanism encased in shockproof steel covers, and shatterproof crystal,”

with that of a brand characterized by dominant abstract attribute associations such

as “durable.”

Although these authors expected the abstract brand representation to fare better, they

found that, for several reasons, the two types of brand images extended equally well into a

dissimilar product category—handbags. Perhaps the most important reason was that consumers

did not believe the abstract benefi t would have the same meaning in the extension

category (durability does not necessarily “transfer” because durability for a watch is not the

same as durability for a handbag).85

Finally, Joiner and Loken, in a demonstration of the “inclusion effect” in a brand extension

setting, showed that consumers often generalized possession of an attribute from a

specifi c category (like Sony televisions) to a more general category (say, all Sony products)

more readily than they generalized the attribute from the specifi c category (Sony televisions)

to another specifi c category (Sony bicycles). The effect was greater the more the specifi c

extension category was typical of the general category (Sony cameras are more typical

than Sony bicycles).86

7. Consumers may transfer associations that are positive in the original product class but

become negative in the extension context.  Because they have different motivations or use

the product differently in the extension category, consumers may not value a brand association

as highly as the original product. For example, when Campbell test-marketed a tomato

sauce with the Campbell’s name, it fl opped. Apparently, Campbell’s strong associations to

soup signaled to consumers that the new product would be watery. To give the product more

credibility, Campbell changed the name to the Italian-sounding “Prego,” and the product has

gone on to be a long-term success.

8. Consumers may infer negative associations about an extension, perhaps even based

on other inferred positive associations.  Even if consumers transfer positive associations

from the parent brand to the extension, they may still infer other negative associations.

For example, the Bridges, Keller, and Sood study showed that consumers who thought a

proposed handbag extension from a hypothetical maker of durable watches also would

be durable also assumed it would not be fashionable, helping to contribute to low extension

evaluations

9. It can be difficult to extend into a product class that consumers see as easy to make.

Consumers may dismiss some seemingly appropriate extensions if they see the product as

comparatively easy to make and brand differences are hard to come by. Then a high-quality

brand may seem incongruous; alternatively, consumers may feel the extension will attempt

to command an unreasonable price premium and be too expensive.

For example, Aaker and Keller showed that hypothetical extensions such as

Heineken popcorn, Vidal Sassoon perfume, Crest shaving cream, and Häagen-Dazs cottage

cheese received relatively poor marks from experimental subjects in part because

all brands in the extension category were seen as being about the same in quality,

suggesting that the proposed brand extension was unlikely to be superior to existing

products.

When consumers see the extension category as difficult to make, on the other hand,

such that brands can vary a great deal in quality, an extension has a greater opportunity to

differentiate itself, although consumers may also be less sure what the exact quality level of

the extension will be.88

10. A successful extension can not only contribute to the parent brand image but also enable

a brand to extend even farther. An extension can help the image of the parent brand by

improving the strength, favorability, or uniqueness of its associations.89 For example, Keller

and Aaker, as well as Swaminathan, Fox, and Reddy, showed that when consumers did not

already have strongly held attitudes, the successful introduction of a brand extension improved

their choice and evaluations of a parent brand they originally perceived to be of only

average quality.

If an extension changes the image and meaning of the brand, subsequent extensions

that otherwise might not have seemed appropriate to consumers may make more sense and

appear to be a better fit. Keller and Aaker showed that by taking little steps, that is, by introducing

a series of closely related but increasingly distant extensions, marketers may insert

brands into product categories that would have been much more difficult, or perhaps even

impossible, to enter directly.90

**A successful extension thus helps brands grow in three important ways:**

1. By establishing a new market for the brand,

2. By strengthening existing markets for the brand, and

3. By opening up the possibility of additional new markets for the brand to subsequently

enter.

11. An unsuccessful extension hurts the parent brand only when there is a strong basis of fit

between the two. The general rule of thumb emerging from academic research and industry

experience is that an unsuccessful brand extension can damage the parent brand only when

there is a high degree of similarity or fit—for example, in the case of a failed line extension

in the same category.

12. An unsuccessful extension does not prevent a firm from backtracking and introducing

a more similar extension. The Keller and Aaker study also showed that unsuccessful

extensions do not necessarily prevent a company from retrenching and later introducing

a more similar extension. The failure of Levi’s Tailored Classics is instructive in

that regard.

As these experiences with brand extensions illustrate, failure does not doom a fi rm

never to be able to introduce any extensions—certainly not for a brand with as much equity

as Levi. An unsuccessful extension does, however, create a “perceptual boundary” of sorts,

in that it reveals the limits of the brand in the minds of consumers.

13. Vertical extensions can be difficult and often require sub-branding strategies.  Some

academic research has investigated vertical extension. In an empirical study of the U.S.

mountain bicycle industry, Randall, Ulrich, and Reibstein found that brand price premium

was positively correlated with the quality of the lowest-quality model in the product line

for the lower-quality segments of the market; for the upper-quality segments of the market,

brand price premium was also signifi cantly positively correlated with the quality of

the highest-quality model in the product line. They concluded that these results suggest

managers wishing to maximize the equity of their brands should offer only high-quality

products, although overall profi t maximization could dictate a different strategy.1

14. The most effective advertising strategy for an extension is one that emphasizes information

about the extension (rather than reminders about the parent brand). A number of studies have

shown that the information provided about brand extensions, by triggering selective retrieval from

memory, may frame the consumer decision process and affect extension evaluations. In general,

the most effective strategy appears to be one that recognizes the type of information already salient

for the brand in the minds of consumers when they first consider the proposed extension, and

that highlights additional information they would otherwise overlook or misinterpret.

15. Individual differences can affect how consumers make an extension decision and will

moderate extension effects. Consumers vary in their short-term or long-term motivation,

ability, and opportunity to evaluate an extension in a number of important ways. Researchers

have shown how these differences can affect extension fit and evaluations, as follows.

Monga and John demonstrate that one important individual difference in extension

evaluations is whether consumers are analytical or holistic thinkers. Analytic thinkers focus

more on comparing specific attributes or benefits of the parent brand and extension;

holistic thinkers focus more on comparing overall attitudes and judgments of the parent

brand and extension. Analytical and holistic thinkers both gave prestige brands permission

to extend widely, but holistic thinkers gave functional brands much greater permission to

extend than analytical thinkers.112

Similarly, Yorkston, Nunes, and Matta show that consumers known as incremental

theorists, who believe the personality traits of a brand are malleable, are more accepting

of brand extensions than consumers known as entity theorists, who believe a brand’s traits

are fixed.113

Another important individual difference relates to self-construal, or how people view

and make sense of life and their life.114 A person with an independent self-construal is

more concerned with the uniqueness of individuals; a person with an interdependent selfconstrual

is more concerned with relationships between and among individuals.

In a branding context, Ahluwalia posited that a consumer with an interdependent

self-construal should be better able to uncover the possible relationships among a brand

extension and its parent brand and thus have higher perceptions of extension fit and favorability.

In her study, these effects were observed as long as consumers with interdependent

self-construal were sufficiently motivated.115

Similarly, Puligadda, Ross, and Grewal argue that brand-schematic consumers are

more likely than others to process or organize information according to their brand knowledge.

Brand-aschematic consumers, on the other hand, use other information such as product

characteristics or attributes as a frame of reference. Brand schematic consumers were

shown to be more likely to see the similarity in a brand extension concept.116

Another important individual difference between consumers is what academics call

regulatory focus. This deals with motivation and how people go about pursuing their goals.

Individuals with a prevention focus are concerned with negative outcomes and avoiding

losses via safety, security, responsibility, and so on. Individuals with a promotion focus

are concerned with positive outcomes, seeking gains and pleasure and avoiding missed

opportunities.1

16. Cultural differences across markets can influence extension success. Building in part on

branding research on individual differences, much recent research has explored how different

cultures respond differently to brand extensions. Monga and John, as well as Ng and

Houston, have shown that consumers from Eastern cultures (such as China) have a more

holistic style of thinking and perceive higher levels of extension fit than do consumers from

Western cultures (like the United States) who have a more analytical style of thinking.121

Dilution effects for a typical or similar extension that fails also can vary by culture and

consumer motivation: Consumers from Eastern cultures exhibit significantly greater dilution

when their motivation is high; consumers from Western cultures exhibit significantly

greater dilution when their motivation is low.122

Additionally, Torelli and Ahluwalia show that cultural congruency can aid culturally

consistent brand extensions over and beyond the effects of perceived fit. They note

that a cultural congruent brand extension might be something like Sony electric car; a

culturally incongruent car might be something like Sony cappuccino-macchiato maker.

According to the research, beyond the inherent levels of fit that any electronic manufacturer

might enjoy with an electric car, Sony would be expected to get an extra boost in fit

and evaluations because of its Japanese country of origin and Japan’s strong association

with electronics.123

REVIEW

Brand extensions occur when a firm uses an established brand name to introduce a new product.

We can distinguish them by whether the new product is being introduced in a product category

currently served by the parent brand (a line extension) or in a completely different product category

(a category extension). Brand extensions can come in all forms. They offer many potential

benefits but also can pose many problems.

The basic assumptions behind brand extensions are that consumers have some awareness

of and positive associations about the parent brand in memory, and that the brand extension will

evoke at least some of these. Moreover, marketers assume that negative associations will not be

transferred from the parent brand or created by the brand extension.

The extension’s ability to establish its own equity will depend on the salience of consumers’

associations with the parent brand in the extension context and the favorability and uniqueness

of any associations they infer. The extension’s ability to contribute to parent brand equity will

depend on how compelling is the evidence about the corresponding attribute or benefit association

in the extension context, how relevant or diagnostic the extension evidence is about the attribute

or benefit for the parent brand, and how strong consumers’ existing attribute or benefit

associations are for the parent brand.

To evaluate brand extension opportunities, marketers need to carefully consider brand extension

strategies by applying managerial judgment and consumer research to the following

steps: Define actual and desired consumer knowledge about the brand, identify possible extension

candidates, evaluate the potential of extension candidates, design marketing programs to

launch extensions, and evaluate extension success and effects on parent brand equity. Finally,

a number of important research findings deal with factors affect

Chapter 13:

Managing Brands Over Time

lecture note

**Leaning objectives**

Understand the important considerations in brand reinforcement

Describe the range of brand revitalization options to a company

Outline the various strategies to improve brand awareness and brand image

Define the key steps in managing a brand crisis

**Understanding the Long-Term Effects of Marketing Actions on Brand Equity:**

**Reinforcing brands:**

-        Maintaining brand consistency

-        Protecting sources of brand equity

-        Fortifying(加固) versus leveraging

-        Fine-tuning the supporting marketing program

**Protecting sources of brand equity:**

-        Unless some the company makes the strategic positioning of the brand less powerful, there is:

Little need to deviate from a successful positioning

-        Brand should always look for potentially powerful new sources of brand equity

Top priority is to preserve and defend those that already exist

-        Key sources of brand equity are of enduring value

13 Book note

REINFORCING BRANDS

How should we reinforce brand equity over time? How can marketers make sure consumers have knowledge structures that support brand equity for their brands? Generally, we reinforce brand

equity by marketing actions that consistently convey the meaning of the brand to consumers in

terms of brand awareness and brand image. As we have discussed before, questions marketers

should consider are as follows:

• What products does the brand represent, what benefits does it supply, and what needs does

it satisfy? Nutri-Grain has expanded from cereals into granola bars and other products,

cementing its reputation as “makers of healthy breakfast and snack foods.”

• How does the brand make those products superior? What strong, favorable, and unique

brand associations exist in the minds of consumers? Through product development and

the successful introduction of brand extensions, Black & Decker is now seen as offering

“innovative designs” in its small appliance products.

Maintaining Brand Consistency

Without question, the most important consideration in reinforcing brands is consistency

in the nature and amount of marketing support the brand receives. **Brand consistency** is

critical to maintaining the strength and favorability of brand associations. Brands with

shrinking research and development and marketing communication budgets run the risk

of becoming technologically disadvantaged—or even obsolete—as well as out-of-date,

irrelevant, or forgotten.

Market Leaders and Failures. Inadequate marketing support is an especially dangerous

strategy when combined with price increases. An example of failure to adequately support a

brand occurred in the kitchen and bath fixtures market.

Consistency and Change. Being consistent does not mean, however, that marketers should

avoid making any changes in the marketing program. On the contrary, managing brand equity with

consistency may require making numerous tactical shifts and changes in order to maintain the strategic

thrust and direction of the brand. The most effective tactics for a particular brand at any one

time can certainly vary. Prices may move up or down, product features may be added or dropped, ad

campaigns may employ different creative strategies and slogans, and different brand extensions may

be introduced or withdrawn to create the same desired knowledge structures in consumers’ minds.

Nevertheless, the strategic positioning of many leading brands has been kept remarkably

uniform over time by the retention of key elements of the marketing program and the

preservation of the brand meaning. In fact, many brands have kept a key creative element

in their marketing communication programs over the years and, as a result, have effectively

created some “advertising equity.

Protecting Sources of Brand Equity

Consistency thus guides strategic direction and does not necessarily prescribe the particular

tactics of the supporting marketing program for the brand at any one point in time.

Unless some change in either consumer behavior, competition, or the company makes the

strategic positioning of the brand less powerful, there is likely little need to deviate from a

successful positioning.

Although brands should always look for potentially powerful new sources of brand equity,

a top priority is to preserve and defend those that already exist, as illustrated by this classic episode

with Intel.

Fortifying versus Leveraging

Chapters 4–7 described a number of different ways to raise brand awareness and create strong,

favorable, and unique brand associations in consumer memory to build customer-based brand equity.

In managing brand equity, marketers face tradeoffs between activities that fortify brand equity and

those that leverage or capitalize on existing brand equity to reap收货 some financial benefit.

Marketers can design marketing programs that mainly try to capitalize on or maximize

brand awareness and image—for example, by reducing advertising expenses, seeking increasingly

higher price premiums, or introducing numerous brand extensions. The more marketers

pursue this strategy, however, the easier it is to neglect and perhaps diminish the brand and its

sources of equity. Without its sources of brand equity, the brand itself may not continue to yield

such valuable benefits. Just as failure to properly maintain a car eventually affects its performance,

so too can neglecting a brand, for whatever reason, catch up with marketers.

Product-Related Performance Associations. For brands whose core associations are primarily

product-related performance attributes or benefits, innovation in product design, manufacturing,

and merchandising is especially critical to maintaining or enhancing brand equity.

Consider how Timex has evolved through the years to maintain its market position.

Product innovations are therefore critical for performance-based brands whose sources

of equity reside primarily in product-related associations. In some cases, product advances

may include brand extensions based on a new or improved product ingredient or feature. In

fact, in many categories, a strong family sub-brand has emerged from product innovations

associated with brand extensions. At the same time, it is important not to change products too much, especially if the brand

meaning for consumers is wrapped up in the product design or makeup. Recall the strong consumer

resistance encountered by New Coke, described in Chapter 1. In making product changes

to a brand, marketers want to reassure loyal consumers that it is a better product, but not necessarily

a different one. The timing of the announcement and the introduction of a product improvement

are also important: if the brand improvement is announced too soon, consumers may

stop buying existing products; if too late, competitors may already have taken advantage of the

market opportunity with their own introductions.

Non-Product-Related Imagery Associations. For brands whose core associations are primarily

non-product-related attributes and symbolic or experiential benefits, relevance in user

and usage imagery is especially critical. Because of their intangible nature, non-product-related associations may be easier to change, for example, through a major new advertising campaign

that communicates a different type of user or usage situation. MTV is a brand that has worked

hard to stay relevant with young consumers.

Summary. Reinforcing brand equity requires consistency in the amount and nature of the supporting

marketing program for the brand. Although the specific tactics may change, marketers

should preserve and amplify the key sources of equity for the brand where appropriate. Product

innovation and relevance are paramount in maintaining continuity and expanding the meaning

of the brand.

At the end of every day, week, month, quarter, and year, marketers should ask themselves,

What we have done to innovate our brand and its marketing and make them more relevant?

A weak answer can have

REVITALIZING BRANDS

In virtually every product category are examples of once prominent and admired brands that

have fallen on hard times or even completely disappeared. Nevertheless, a number of brands

have managed to make impressive comebacks in recent years,

Often, the first place to look in turning around the fortunes of a brand is the original

sources of brand equity. In profiling brand knowledge structures to guide repositioning, marketers

need to accurately and completely characterize the breadth and depth of brand awareness;

the strength, favorability, and uniqueness of brand associations and brand responses

held in consumer memory; and the nature of consumer–brand relationships. A comprehensive

brand equity measurement system as outlined in Chapter 8 should help reveal the current

status of these sources of brand equity. If not, or to provide additional insight, a special brand

audit may be necessary.

Of particular importance is the extent to which key brand associations are still

adequately functioning as points-of-difference or points-of-parity to properly position the

brand. Are positive associations losing their strength or uniqueness? Have negative associations

become linked to the brand, for example, because of some change in the marketing

environment?

Marketers must next decide whether to retain the same positioning or create a new one and,

if the latter, which positioning to adopt. The positioning considerations outlined in Chapter 3

can provide useful insights as to the desirability, deliverability, and differentiability of different

possible positions based on consumer, company, and competitive considerations.

Finally, note that **market failures**, in which insufficient consumers are attracted to a brand,

are typically much less damaging than **product failures**, in which the brand fundamentally fails

to live up to its consumer promise. In the latter case, strong, negative associations may be difficult

to overcome. With market failures, a relaunch can sometimes prove successful.

With an understanding of the current and desired brand knowledge structures in hand, we

can again look to the customer-based brand equity framework for guidance about how to best

refresh old sources of brand equity or create new ones to achieve the intended positioning.

According to the model, we have **two strategic options**:

1.  Expand the depth or breadth of brand awareness, or both, by improving consumer recall and

recognition of the brand during purchase or consumption settings.

2.  Improve the strength, favorability, and uniqueness of the brand associations making up the

brand image. This may require programs directed at existing or new brand associations.

By enhancing brand salience and brand meaning in these ways, we can achieve more favorable

responses and greater brand resonance.

Expanding Brand Awareness

With a fading brand, often depth of awareness is not the problem—consumers can still recognize

or recall the brand under certain circumstances. Rather, the breadth of brand awareness

is the stumbling block—consumers tend to think of the brand only in very narrow

ways. As we suggested in Chapter 3, one powerful means of building brand equity is to

increase the breadth of brand awareness, making sure consumers don’t overlook the brand.

Assuming a brand has a reasonable level of consumer awareness and a positive brand image,

perhaps the most appropriate starting point is to increase usage. This approach often does

not require difficult and costly changes in brand image or positioning, but rather relatively easier

changes in brand salience and awareness.

We can increase usage either by increasing the level or the quantity of consumption (how

much consumers use the brand), or by increasing the frequency of consumption (how often

they use it). It is probably easier to increase the number of times a consumer uses the product

than to actually change the amount he or she uses at any one time. (A possible exception

is impulse-purchase products like soft drinks and snacks, whose usage increases when the

product is more available.) Increasing frequency of use is particularly attractive for category

leaders with large market share; it requires either identifying new opportunities to use the

brand in the same basic way or identifying completely new and different ways to use it. Let’s

look at both approaches.

Identifying Additional or New Usage Opportunities. To identify additional or new opportunities

for consumers to use the brand more—albeit in the same basic way—marketers

should design a marketing program to include both of the following:

• Communications about the appropriateness and advantages of using the brand more frequently

in existing situations or in new situations

• Reminders to consumers to actually use the brand as close as possible in time to those situations

for which it could be used

Improving Brand Image

Although changes in brand awareness are probably the easiest means of creating new sources

of brand equity, more fundamental changes are often necessary. We may need to create a new

marketing program to improve the strength, favorability, and uniqueness of brand associations

making up the brand image. As part of this repositioning—or recommitment to the existing

positioning—we may need to bolster增长 any positive associations that have faded, neutralize any

negative associations that have been created, and create additional positive associations. These

repositioning decisions require us to clearly specify the target market and the nature of the competition

to set the competitive frame of reference.

Identifying the Target Market. Marketers often focus on taking action with one or more of

**four key target market segments** as part of a brand revitalization strategy:

1. Retaining vulnerable customers

2. Recapturing lost customers

3. Identifying neglected不重视的 segments

4. Attracting new customers

Repositioning the Brand. Regardless of the type of target market segment, repositioning the

brand sometimes requires us to establish more compelling points-of-difference. At other times,

we need to reposition a brand to establish a point-of-parity on some key image dimension.

A common problem for marketers of established, mature brands is to make them more contemporary

by creating relevant usage situations, a more contemporary user profile, or a more

modern brand personality. Heritage brands that have been around for years may be seen as trustworthy

but also boring, uninteresting, and not that likable.

Changing Brand Elements. Often we must change one or more brand elements either to

convey new information or to signal that the brand has taken on new meaning because the product

or some other aspect of the marketing program has changed. The brand name is typically

the most important brand element, and it’s often the most difficult to change. Nevertheless, we

can drop names or combine them into initials to reflect shifts in marketing strategy or to ease

pronounceability and recall. Shortened names or initials can also minimize potentially negative

product associations.

ADJUSTMENTS TO THE BRAND PORTFOLIO

Managing brand equity and the brand portfolio requires taking a long-term view and carefully

considering the role of different brands in the portfolio and their relationships over time. Sometimes

a brand refresh just requires cleaning up the brand architecture.

Migration Strategies

The **brand migration strategy** helps consumers understand how various brands in the portfolio

can satisfy their needs as they change over time, or as the products and brands themselves

change over time. Managing brand transitions is especially important in rapidly changing, technologically

intensive markets. Ideally, brands will be organized in consumers’ minds so they

know at least implicitly how they can switch among them as their needs or desires change.

Acquiring New Customers

All firms face trade-offs between attracting new customers and retaining existing ones. In mature

markets, trial is generally less important than building loyalty and retaining existing customers.

Nevertheless, some customers inevitably leave the brand franchise—even if only from natural

causes. Thus fi rms must proactively develop strategies to attract new customers, especially

younger ones. The marketing challenge here, however, often lies in making a brand seem relevant

to vastly different generations and cohort groups or lifestyles. The challenge is greater

when the brand has a strong personality or user image associations that tie it to one particular

consumer group.

Unfortunately, even as younger consumers age, there is no guarantee they will have the

same attitudes and behaviors as the older consumers who preceded them.

Retiring Brands

Because of dramatic or adverse changes in the marketing environment, some brands are just not

worth saving. Their sources of brand equity may have essentially dried up, or, even worse, damaging

and difficult-to-change new associations may have been created. At some point, the size of

the brand franchise—no matter how loyal—fails to justify support. In the face of such adversity,

decisive management actions are necessary to properly retire or milk the brand.

Several options are possible. A first step in retrenching a fading brand is to reduce the number

of its product types (package sizes or variations). Such actions reduce the cost of supporting

the brand and allow it to put its best foot forward so it can more easily hit profit targets. If a sufficiently

large and loyal enough customer base exists, eliminating marketing support can be a

means to milk or harvest profits from these cash cows.

An **orphan brand** is a once-popular brand with diminished equity that a parent company

allows to decline by withdrawing marketing support. Typically, these orphan brands have a customer base too small to warrant advertising and promotional expenditures.

Obsoleting Existing Products. How do you decide which brands to attempt to revitalize (or

at least milk) and which ones to discontinue? Beecham chose to abandon such dying brands as

5-Day deodorant pads, Rose Milk skin care lotion, and Serutan laxative, but it attempted to resurrect

Aqua Velva aftershave, Geritol iron and vitamin supplement, and Brylcreem hair styling

products. The decision to retire a brand depends on a number of factors.

Fundamentally, the issue is the existing and latent潜在的 equity of the brand. As the former head

of consumer packaged-goods giant Unilever commented in explaining his company’s decision to

review about 75 percent of its brands and lines of businesses for possible sell-offs, “If businesses

aren’t creating value, we shouldn’t be in them. It’s like having a nice garden that gets weeds. You

have to clean it up, so the light and air get in to the blooms which are likely to grow the best.

REVIEW

Effective brand management requires taking a long-term view and recognizing that any changes in

the supporting marketing program for a brand may, by changing consumer knowledge, affect the

success of future marketing programs. A long-term view also dictates proactive strategies designed

to maintain and enhance customer-based brand equity over time, in the face of external changes in

the marketing environment and internal changes in a firm’s marketing goals and programs.

Marketers reinforce brand equity by actions that consistently convey the meaning of the

brand—what products the brand represents, what core benefits it supplies, what needs it satisfies,

how it makes products superior, and which strong, favorable, and unique brand associations

should exist in consumers’ minds. The most important consideration in reinforcing brands is

consistency in the nature and amount of marketing support. Consistency does not mean marketers

should avoid making any changes in the marketing program; in fact, many tactical changes

may be necessary to maintain the brand’s strategic thrust and direction. Unless there is some

change in the marketing environment or shift in strategic direction, however, there is little need

to deviate from a successful positioning. The critical points-of-parity and points-of-difference

that represent sources of brand equity should then be vigorously preserved and defended.

The strategy for reinforcing brand meaning depends on the nature of the brand association.

For brands whose core associations are primarily product-related attributes and functional

benefits, innovation in product design, manufacturing, and merchandising is especially critical

to maintaining or enhancing brand equity. For brands whose core associations are primarily

non-product-related attributes and symbolic or experiential benefits, relevance in user and usage

imagery is especially critical to maintaining or enhancing brand equity.

In managing brand equity, managers have to make trade-offs between those marketing activities

that fortify the brand and reinforce its meaning, and those that attempt to leverage or

borrow from its existing brand equity to reap some financial benefit. At some point, failure to

fortify the brand will diminish brand awareness and weaken brand image. Without these sources

of brand equity, the brand itself may not continue to yield valuable benefits. Figure 13-3 summarizes

brand reinforcement strategies.

Revitalizing a brand requires marketers to either recapture lost sources of brand equity

or establish new ones. According to the CBBE framework, two general approaches are possible:

(1) Expand the depth or breadth (or both) of brand awareness by improving brand recall

and recognition by consumers during purchase or consumption settings; and (2) improve the

strength, favorability, and uniqueness of brand associations making up the brand image. This

latter approach may require programs directed at existing or new brand associations.

With a fading brand, the depth of brand awareness is often not a problem as much as the

breadth; that is, consumers tend to think of the brand in very narrow ways. Although changing

brand awareness is probably the easiest means of creating new sources of brand equity, we may

often have to create a new marketing program to improve the strength, favorability, and uniqueness

of brand associations.

As part of this repositioning, target markets should be analyzed carefully. It is often best to first

retain new customers and then try to attract lapsed users or neglected segments before attempting

to attract wholly different segments. The challenge in all these efforts to modify the brand image is

not to destroy the equity that already exists. Figure 13-4 summarizes brand revitalization strategies.

Managers must also consider the role of different brands in the portfolio and their relationships

over time. In particular, a brand migration strategy should ensure that consumers understand how

various brands in the portfolio can satisfy their needs as they change or as the products and brands

themselves change over time. Strategies exist to retire those brands whose sources of brand equity

have essentially dried up or that have acquired damaging and difficult-to-change associations.

If a brand encounters a crisis, being swift and sincere are of paramount importance. Companies

that come across as unresponsive or uncaring with their customers inevitably encounter problems.

MGT 105

October 22nd & 24th

* Personal Branding
  + Stand out
  + Be your own boss
  + Forget the ladder
  + Build your brand
* Sum up
  + Consumers perception of the brand plays a key role in determining the worth of the brand
  + To create brand equity, marketers should:
    - Create favorable consumer response
    - Create positive brand image through brand associations
* Brand Positioning
  + Act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customer’s mind
  + Finding proper location in the minds of consumers or market segment
* Points of parity vs points of difference
* Sum up
  + Brand positioning describes how a brand can effectively compete against a specified set of competitors
* Brand Performance
  + Describes how well the brand:
    - Meets customers more functional needs
    - Rate an objective assessments of quality
    - Satisfies utilitarian, aesthetic, and economic customer needs and wants in the product or service category
* Brand Imagery
  + User profile/imagery
  + Purchase and usage situations
  + Brand history, heritage and experiences
* Brand Judgements
  + Quality
  + Credibility
  + Consideration
  + Superiority
* Brand Feelings
  + Customers emotional responses and reactions to the brand
  + Relate to the social currency evoked by the brand
* Brand Resonance
  + Behavioral loyalty
  + Attitudinal attachment
  + Sens of community
  + Active engagement
* Brand Building Implications
  + Customers own the brand
  + Don’t take shortcuts with brands
  + Brands should have duality
  + Brands should have richness
  + Brand resonance provides important focus
* To Sum up
  + Implications of brand value chain
    - A necessary condition for value creation is a well-funded well designed and well implemented marketing program
    - Value creation requires more than the intitial marketing investment

  I.          Chapter 6

a.      Multimedia Marketing

                         i.          It's getting easier and more cost effective

1.     Video, audio, podcast, webinar, etc.

                       ii.          There's a lot of people doing it wrong

1.     Quality, informative, entertaining, interesting = attention/promotion

2.     Lighting, music, voiceovers, stock photos, stock footage, equipment, etc.

                     iii.          Mass distribution

1.     Increase traffic

2.     Convert traffic

               II.          Chapter 8: Developing a Brand Equity Measurement and Management System

a.      Accountability

                         i.          Conducting brand audits

                       ii.          Brand inventory

                     iii.          Brand exploratory

                      iv.          Brand positioning and the supporting brand program

b.     Conducting brand audits

                         i.          Comprehensive examination of a brand to discover its sources of brand equity

                       ii.          Marketing audit: independent examination of a company's marketing environment, objectives, strategies, and activities

1.     Agreement on objectives, scope, and approach

2.     Data collection

3.     Report preparation and presentation

                     iii.          7-point brand audit

1.     Logo

2.     Brand colors

3.     Fonts and typography排版

a.      Sans Serif - depicts power

4.     Photos, videos, imagery

5.     Brand personality

6.     Overall look & feel

7.     Brand positioning

a.      How others perceive you

                      iv.          Interbrand (strong brand auditing firm)

1.     Financial analysis

2.     Role of brand analysis

a.      Purchase considerations to forecast earnings

3.     Brand strength

a.      Measure relative to competition

4.     Brand value

                       v.          BMW

1.     Brand strategy: product differentiation

2.     Brand positioning

3.     Brand inventory

4.     Brand exploratory: primary research and secondary research

5.     Brand recommendations

c.      Brand exploratory

                         i.          Preliminary activities

                       ii.          Interpreting qualitative research

1.     Cannot perform statisfics and mathematically extrapolate findings

                     iii.          Conducting quantitative research

d.     Brand positioning and the supporting marketing program

                         i.          Ideal brand positioning aims to achieve congruence一致 between

1.     What cusomers currently believe about the brand

2.     What customers will value in the brand

3.     What the firm is currently saying about the brand

4.     Where the firm would like to take the brand

e.      Designing brand trackings studies

                         i.          What to track

1.     Product brand tracking

2.     Corporate or family brand tracking

3.     Global tracking

                       ii.          How to conduct tracking studies

1.     Whom to track

2.     When and where to track

                     iii.          How to interpret tracking studies

1.     Important benchmarks

2.     Brand associations determining consumer behavior

f.       Conclustion

                         i.          The company view to brand equity should be formalized into a doc

                       ii.          The results of the tracking surveys should be assembled into a brand equity report

                     iii.          Senior management must be assigned to oversee brand equity within the organization

             III.          Chapter 9: Measuring Sources of Brand Equity: Capturing the Customer Mindset

a.      Qualitative Resarch Techniques

                         i.          Free associations: research has set of words and participants are asked how words are applied to brand

                       ii.          Projective techniques: what-if

                     iii.          Zaltman Metaphor Elicitation Technique (ZMET)

                      iv.          Neural research method

                       v.          Brand personality and value

                      vi.          Ethnographic and experiential methods

b.     Brand Personality and Values

                         i.          Brand personality: human characteristics or traits that consumers attribute to brand

1.     Sincerity

2.     Excitement

3.     Competence

4.     Sophistication

5.     Ruggedness

c.      Conclusion

                         i.          Qualitative research techniques ascertain consumer perceptions that are difficult to uncover

1.     Disadvantages

a.      Small sample size may not necessarily generalize to broader populations

b.     Due to qualitative nature, data is open to varied interpretations

d.     Quantitative Research Techniques

                         i.          Brand awareness

                       ii.          Brand image

                     iii.          Brand responses

                      iv.          Brand relationships

1.     Characterized in terms of brand resonance and measures for following key dimensions

a.      Behavioral loyalty

b.     Attitudinal attachment

c.      Sense of community

d.     Active engagement

             IV.          Chapter 10: Measuring Outcomes of Brand Equity: Capturing Market Performance

a.      Best metric to measure brand strength

                         i.          Awareness

                       ii.          Penetration

                     iii.          Likeability

                      iv.          Top of Mind and Unaided Awareness

                       v.          Retention or Loyalty

                      vi.          VALUE MARKET

b.     How to assess brand value

                         i.          What does a brand contribute to revenue

1.     Purchase consideration

a.      Ex) Apple watches based off of 1930s Dick Tracy's comic

2.     Data validates

3.     Date shows you where to invest

 I.           Conjoint Analysis (Sawtooth Software)

a.      Research method for predicting how people make complex choices

                         i.          Based on psychology, economics, market research acadamia

b.     Increases probability of understand human behavior but not guaranteed understanding

                         i.          Ex) Choosing a restaurant

1.     Type of food? Distance from your house? Typical cost per person? How much you think your partner will like it?

c.      We often want to know how important things are people that we wish to survey

d.     Problems

                         i.          Lack of consistency in how they use the scale

                       ii.          Lack of discrimination among items they rate

                     iii.          Straightlining

e.      Asks people to make tradeoffs just like in reality and figure out motivations by observing choices

                         i.          Combinations of choices

f.       Software

                         i.          Picks subset of possible combinations and sets of way to display (8-12 sets)

                       ii.          Ask respondents which product profile they prefer in each set

                     iii.          Use answers to figure

g.     Market simulator

                         i.          Predict how modifications to existing product line/extensions would likely perform in marketplace versus competitors

               II.          Chapter 10

a.      Brand-based Comparative Approaches

                         i.          Competititve brands used as benchmarks by consumers

1.     Exemplar: category leader or some other brand that consumers feel is representative of the category, like their most preferred brand

                       ii.          Applications

                     iii.          Critique

b.     Marketing-based comparative approaches

                         i.          Hold the brand fixed and examine consumer response based on changes in the marketing program

                       ii.          Applications

                     iii.          Critique

c.      Conjoint analysis

d.     Holistic methods

                         i.          Residual approach

1.     Examines the value of the brand by subtracting consumers' preference for brand against others

e.      Valuation approaches

                         i.          Accounting background

                       ii.          Historical perspective

                     iii.          General approaches

                      iv.          Simon and sullivan's brand equity value

                       v.          Interbrand's brand valuation methodology

f.       Conclusion

                         i.          Brand valuation and the brands on the balance sheet debate are controversial subjects

                       ii.          Limitations of valuation approaches

1.     Require much judgmental data and thus contain much subjectivity

2.     Intangible assets are not always synonymous with brand equity

3.     Methods sometimes defy common sense

4.     Strength of the brand measures may be confounded with the strength of the company

g.     Guidelines for creating and measuring ROI from brand marketing activities

                         i.          Spend wisely

1.     Focus and be creative

                       ii.          Look for benchmarks

1.     Examine competitive spending levels and historical company norms

                     iii.          Be strategic

1.     Apply brand equity models

                      iv.          Be observant

1.     Track both formally and informally

h.     Conclusion

                         i.          Single measures of brand equity provide at best a one- or two-dimensional view of a brand

                       ii.          No single number or measure fully captures brand equity

                     iii.          Three are many different sources of, and outcomes from, brand equity, depending on the marketers' skill and ingenuity

             III.          Chapter 11

a.      Brand architecture strategy

                         i.          Defining brand potential

1.     Brand vision

2.     Brand boundaries

3.     Brand positioning

                       ii.          Identifying brand extension opportunities

1.     Brand extension is a new product introduced under an existing brand name

a.      Line extensions: new product introductions within existing categories

b.     Category extensions: new product introductions outside existing categories

2.     Equity implications of each extension needs to be understand in terms of

a.      Points-of-parity

b.     Points-of-difference

                     iii.          Branding new products and services

1.     New products and services must be branded in a way to maximize the brand's overall clarity

a.      Branded house and house of brands strategy

2.     Sub-brands: brand extension in which the new product carries both the parent brand name and a new name

b.     Brand portfolios

                         i.          Flankers

                       ii.          Cash cows

                     iii.          Low-end, entry-level, or high-end, prestige brands

c.      Possible special roles of brands in brand portfolio

                         i.          To attract a particular market segment not currently being covered by other brands of firm

                       ii.          To serve as flanker and protect flagship brands

                     iii.          To serve as a cash cow and be milked for profits

                      iv.          To serve as a low-end entry-level product to attract new customers to the brand franchise

                       v.          To serve as a high-end prestige product to add prestige and credibility to entire brand portfolio

                      vi.          To increase shelf presence and retailer dependence in store

                    vii.          To attract consumers seeking variety who may otherwise have switched to another brand

                  viii.          To increase internal competition within firm

                      ix.          To yield economics of scale in advertising, sales, merchandising, and physical distribution

Lecture 13

Monday, November 19, 2018

1:54 PM

                 I.           Midterm Review

a.      Q11: from the "History of Branding" video in class, all of the following factors were true in mid-1900s except - limited experimentation with portable phone advertising

b.     Q23: the use of humor in advertisements ensures brand name recognition - false

c.      Q26: One of the oldest brands failing recently was the investment banking firm Lehman Brothers.

               II.          Chapter 11

a.      Low-end, entry-level, high-end prestige brands

                         i.          Sub-brands leverage associations form other brands while distinguishing themselves on price and quality

                       ii.          Role of a relatively low-priced brand - to attract customers to the brand franchise

                     iii.          Role of relatively high-priced brand - to add prestige and credibility to entire portfolio

b.     Corporate or company brand level

                         i.          Highest level of hierarchy

                       ii.          Corporate image: the consumer associations to the company or corporation making the product or providing the service

1.     Relevant when the corporate or company brand plays a prominent role in the branding strategy

c.      Corporate image dimensions

                         i.          Common product attributes, benefits, attitudes

                       ii.          People and relationships

                     iii.          Values and programs

                      iv.          Corporate credibility

d.     Summary

                         i.          Many intangible brand associations  can transcend the physical characteristics of products

1.     Provides valuable sources of brand equity and serves as critical POPs or PODs

e.      Managing corporate brand

                         i.          Corporate social responsibility

                       ii.          Corporate image campaigns

                     iii.          Corporate name changes

f.       Summary

                         i.          Key aspect of managing brand equity is adopting the proper branding strategy

                       ii.          Brand architecture strategy for a firm identifies which brand elements a firm chooses to apply across the various products

                     iii.          Brand-product matrix is a graphical representation of all the firm's brands and products

                      iv.          A firm may offer multiple brands in a category to attract different market segments

             III.          Chapter 12

a.      Brand Extensions History

                         i.          Ex) Dora the Explorer perfume, celebrity fragrance/clothing lines

                       ii.          Caution: beware of overextending

                     iii.          Best: logical, strategic, not overextending, good quality (watch over licensees)

1.     Jeep stroller, red cross emergency radio, starbucks coffee liquor

                      iv.          Worst: Harley davidson cake decorating kit, chicken soup for the pet lover's soul, nathan's hot dog dog treats

b.     Brand Extension Scope

                         i.          Derivative of previous product, acquire new product, etc.

                       ii.          How to decide what is extendable when it comes to your brand

                     iii.          Study of tangential assets/opportunities about consumer relationship w/ brand

                      iv.          If it's not on-brand -> will damage brand

1.     Don’t overextend

c.      Line Extensions

                         i.          Line extensions: when an already existing brand comes out w/ a new product in the same category

1.     New flavors, diff forms of products, colors, diff ingredients/sizes

2.     Gives customer more options and variety

3.     Profit

4.     Recognition

5.     Ex) Olay: diff types of face creams

                       ii.          Brand extensions: when an already existing brand creates a new product in a diff category

1.     New market or dept

2.     Customers already recognize brand name

3.     Profit

4.     Bring awareness to brand

5.     Ex) Jack Daniels food and whisky

                     iii.          Similarities

1.     Help promote brands and sales

2.

Lecture 15

Wednesday, November 21, 2018

1:48 PM

               I.          Chapter 12

a.      Failed Brand Extensions

                         i.          Psychosensory branding principles

                       ii.          Ex

1.     Coors's water

2.     Life savers's soda

3.     Colgate's food

4.     Bengay's aspirin

5.     Frito Lay's lemonade

6.     Harley Davidson's perfume/cologne

7.     Bic's disposable underwear

b.     New products and brand extensions

                         i.          When a firm uses an established brand name to introduce a new product

1.     Line extension: adds a diff variety, a diff form/size, diff application for brand

2.     Category extension: marketers apply parent brad to enter diff product category from the one it currently servers

c.      Advantages

                         i.          Facilitate new-product acceptance

                       ii.          Provide feedback benefits to parent brand

d.     Facilitate new-product acceptance

                         i.          Improve brand image

                       ii.          Reduce risk perceived by customers

                     iii.          Increase probability of gaining distribution and trial

                      iv.          Increase efficiency of promotional expenditures

                       v.          Reduce costs of introductory and follow-up marketing programs

                      vi.          Avoid cost of developing a new brand

                    vii.          Allow for packaging and labeling efficiencies

                  viii.          Permit consumer variety-seeking

e.      Provide feedback benefits to parent brand

                         i.          Clarify brand meaning

                       ii.          Enhance the parent brand image

                     iii.          Bring new customers into the brand franchise and increase market coverage

                      iv.          Revitalize the brad

                       v.          Permit subsequent extensions

f.       Disadvantages

                         i.          Can confuse/frustrate customers

                       ii.          Can encounter retailer resistance

                     iii.          Can fail and hurt parent brand image

                      iv.          Can succeed but cannibalize sales of parent brand

                       v.          Can succeed but hurt image of parent brand

                      vi.          Can dilute brand meaning

                    vii.          Can cause the company to forgo the chance to develop a new brand

g.     Evaluating brand extension opportunities

                         i.          Define actual and desired consumer knowledge about brand

                       ii.          Identify possible extension candidates

                     iii.          Evaluate the potential of the extension candidate

                      iv.          Design marketing programs to launch extension

                       v.          Evaluate extension success and effects on parent brand equity

h.     Summary

                         i.          Brand extensions occur when firm uses established brand name to introduce new product

                       ii.          Basic assumption

                     iii.          Extension's ability to establish own equity

1.     Salience of consumers' association w/ parent brand

2.     How compelling and relevant is evidence about corresponding attribute

3.     How strong consumers' existing attribute/benefit associations are for parent brand

                      iv.          To evaluate brand extension opportunities, marketers need to consider strategies by applying managerial judgment and consumer research

i.       Rebranding

                         i.          When to do

1.     When your brand is trapped in the past

2.     When forced by circumstances

3.     When your brand is confusing

4.     When opportunities emerge

j.       How to create brand names

                         i.          Estimated 300 million companies

                       ii.          What to do

1.     What type of name you want

a.      Eponymous (e.g. disney, burberry)

b.     Descriptive (e.g. Home Depot)

c.      Acronymic (e.g. KFC)

d.     Suggestive (e.g. Uber, Kleenex)

                         i.          Real (e.g. Uber), composite (e.g. Facebook), invented (e.g. Kleenex)

e.      Associative (e.g. Amazon)

f.       Non-english (e.g. Hulu)

g.     Abstract (e.g. Rolex)

2.     Decide what you want the name to say

a.      Descriptive + functional

b.     Idea + emotion (e.g. Google)

3.     Check that the name is available

k.     Brand naming

                         i.          New product: Who am I?

                       ii.          What's in a brand?

1.     Anything that can be communicated to customer

2.     Name

3.     Logo

4.     Graphic elements

5.     Slogan

6.     Language, tone of voice

7.     Mission statement

                     iii.          Why is a strong brand important?

1.     Instantly recognizable and familiar

2.     People identify w/ and relate to

                      iv.          Why your name is important?

                       v.          What is a good name?

1.     Advantage in target market

2.     Available for exclusive use

3.     Unique

4.     Right tone for your market

5.     Fits w/ your brand

6.      is culturally appropriate

7.     Is gender appropriate

8.     Is age appropriate

9.     Has no negative associations/meaning

10.  Positive associations

11.  Memorable

12.  Future-proof

                      vi.          Linguistic "fails"

1.     Siri (Norwegian - Japanese)

2.     Mondelez (French - Russian)

3.     Pajero (Spanish)

                    vii.          Linguistic check

1.     Pronunciation

2.     Meaning

3.     Interpretation

4.     TM, domain, market research

             II.          Chapter 13

a.      Oldest companies

                         i.          Kongo Gumi (construction, Japan) - 1439 years

                       ii.          Stiftskeller St. Peter's (restaurant, Austria) - 1214 years

                     iii.          Sean's bar (pub, Ireland) - 1117 years

                      iv.          Rathbornes (candles, Ireland) - 529 years

                       v.          Beretta (guns, Italy) - 491 years

b.     Understanding the long-term effects of marketing actions on brand equity (13.1)

                         i.          Consumer response to PAST marketing activity

                       ii.          Brand knowledge

                     iii.          Consumer response to CURRENT marketing activity

                      iv.          CHANGED brand knowledge

                       v.          Consumer response to FUTURE marketing activity

c.      Reinforcing brands

                         i.          Maintaining brand consistency

1.     Market leaders and failures

2.     Consistency and change

                       ii.          Protecting sources of brand equity

1.     Unless company makes strategic positioning of brand less powerful, there

a.      Little need to deviate from successful positioning

2.     Brands should always look for potentially powerful new sources of brand equity

a.      Top priority is to preserve and defend those that already exist

3.     Key sources of brand equity are of enduring value

                     iii.          Fortifying versus leveraging

                      iv.          Fine-tuning the supporting marketing program

d.     Resurrecting old brands

                         i.          Crackerjack and Pepsi's old packaging

                       ii.          Social media's Throwback Thursdays

                     iii.          To appeal to baby boomers; nostalgia

  I.          Chapter 13

a.      Personal branding

                         i.          Identify and communicate what is unique and different about you to your target market

                       ii.          Consistent business card, resume, etc.

                     iii.          Intersection of perception and reality

1.     Embrace

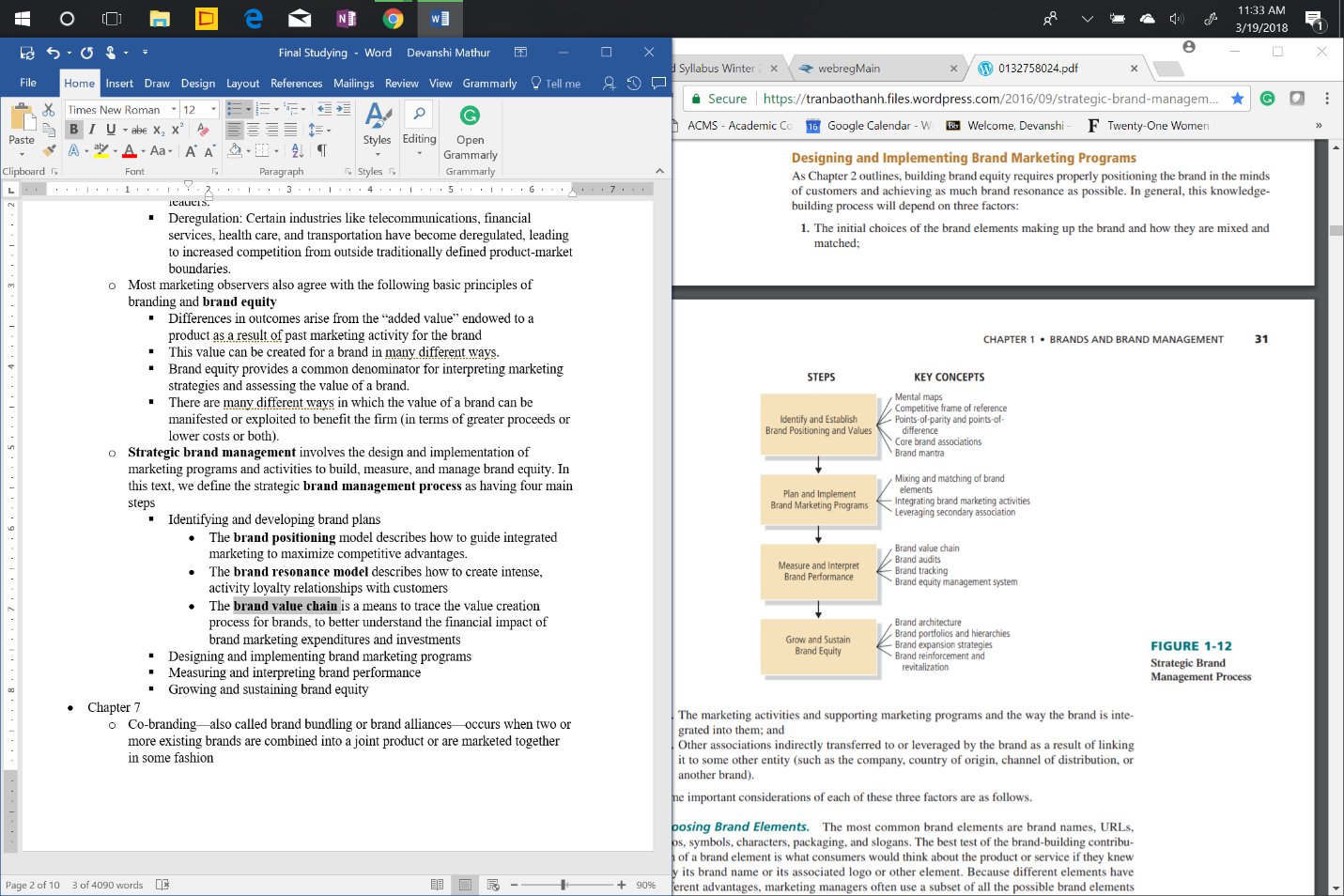
2.     Create (value)

3.     Grow

                      iv.          Strong personal brand

1.     Elevator pitch

2.     Signature piece

* Chapter 1
  + According to the American Marketing Association (AMA), 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
  + These different components of a brand that identify and differentiate it are **brand elements**.
  + A **product** is anything we can offer to a market for attention, acquisition, use, or consumption that might satisfy a need or want.
  + We can define five levels of meaning for a product
    - The **core benefit** level is the fundamental need or want that consumers satisfy by consuming the product or service.
    - The **generic product** level is a 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
    - The **expected product** level is a set of attributes or characteristics that buyers normally expect and agree to when they purchase a product
    - The **augmented product** level includes additional product attributes, benefits, or related services that distinguish the product from competitors.
    - The **potential product** level includes all the augmentations and transformations that a product might ultimately undergo in the future.
  + As with the term product, this book uses the term **consumer** broadly to encompass all types of customers, including individuals as well as organizations.
  + Brands can reduce the risks in product decisions. Consumers may perceive many different types of risks in buying and consuming a product:
    - Functional risk: The product does not perform up to expectations.
    - Physical risk: The product poses a threat to the physical well-being or health of the user or others.
    - Financial risk: The product is not worth the price paid.
    - 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.
  + Products bearing these **store brands or private label** brands offer another way for retailers to increase customer loyalty and generate higher margins and profits
  + On the supply side, new competitors have emerged due to a number of factors, such as the following
    - Globalization: Although firms have embraced globalization as a means to open new markets and potential sources of revenue, it has also increased the number of competitors in existing markets, threatening current sources of revenue.
    - Low-priced competitors: Market penetration by generics, private labels, and low-priced “clones” imitating product leaders has increased on a worldwide-basis. Retailers have gained power and often dictate what happens within the store. Their chief marketing weapon is price, and they have introduced and pushed their own brands and demanded greater compensation from trade promotions to stock and display national brands
    - Brand extensions: We’ve noted that many companies have taken their existing brands and launched products with the same name into new categories. Many of these brands provide formidable opposition to market leaders.
    - Deregulation: Certain industries like telecommunications, financial services, health care, and transportation have become deregulated, leading to increased competition from outside traditionally defined product-market boundaries.
  + Most marketing observers also agree with the following 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 (in terms of greater proceeds or lower costs or both).
  + **Strategic brand management** involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity. In this text, we define the strategic **brand management process** as having four main steps
    - Identifying and developing brand plans
      * The **brand positioning** model describes how to guide integrated marketing to maximize competitive advantages.
      * The **brand resonance model** describes how to create intense, activity loyalty relationships with customers
      * The **brand value chain** is a means to trace the value creation process for brands, to better understand the financial impact of brand marketing expenditures and investments
    - Designing and implementing brand marketing programs
      * 
    - Measuring and interpreting brand performance
      * A **brand equity measurement system** is a 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.
      * As described in Chapter 8, implementing such a system involves three key steps— conducting **brand audits**, designing **brand tracking** studies, and establishing a brand **equity management system**.
        + A brand audit is a comprehensive examination of a brand to assess its health, uncover its sources of equity, and suggest ways to improve and leverage that equity.
        + Brand tracking studies collect information from consumers on a routine basis over time, typically through quantitative measures of brand performance on a number of key dimensions marketers can identify in the brand audit or other means.
        + A brand equity management system is a set of organizational processes designed to improve the understanding and use of the brand equity concept within a firm. Three major steps help implement a brand equity management system: creating brand equity charters, assembling brand equity reports, and defining brand equity responsibilities.
    - Growing and sustaining brand equity
      * The **brand portfolio** is the set of different brands that a particular firm offers for sale to buyers in a particular category. The **brand hierarchy** displays the number and nature of common and distinctive brand components across the firm’s set of brands.
* Chapter 2:
  + We formally define **customer-based brand equity** as the differential effect that brand knowledge has on consumer response to the marketing of that brand.
  + The **associative network memory model** views memory as a network of nodes and connecting links, in which nodes represent stored information or concepts, and links represent the strength of association between the nodes.
  + **Brand recognition** is consumers’ ability to confirm prior exposure to the brand when given the brand as a cue. In other words, when they go to the store, will they be able to recognize the brand as one to which they have already been exposed?
  + **Brand recall** is consumers’ ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. In other words, consumers’ recall of Kellogg’s Corn Flakes will depend on their ability to retrieve the brand when they think of the cereal category or of what they should eat for breakfast or a snack, whether at the store when making a purchase or at home when deciding what to eat.
  + **Brand attributes** are those descriptive features that characterize a product or service. **Brand benefits** are the personal value and meaning that consumers attach to the product or service attributes.
  + **Brand positioning** is at the heart of marketing strategy. It is the “act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customer’s minds.
  + A **market** is the set of all actual and potential buyers who have sufficient interest in, income for, and access to a product. **Market segmentation** divides the market into distinct groups of homogeneous consumers who have similar needs and consumer behavior, and who thus require similar marketing mixes.
  + **Points-of-difference** (PODs) are formally defined as attributes or benefits that consumers strongly associate with a brand, positively evaluate, and believe that they could not find to the same extent with a competitive brand
  + **Points-of-parity associations** (POPs), on the other hand, are not necessarily unique to the brand but may in fact be shared with other brands. There are three types: category, competitive, and correlational.
    - Category points-of-parity represent necessary—but not necessarily sufficient—conditions for brand choice. They exist minimally at the generic product level and are most likely at the expected product level. Thus, consumers might not consider a bank truly a “bank” unless it offered a range of checking and savings plans; provided safety deposit boxes, traveler’s checks, and other such services; and had convenient hours and automated teller machines. Category POPs may change over time because of technological advances, legal developments, and consumer trends, but these attributes and benefits are like “greens fees” to play the marketing game
    - Competitive points-of-parity are those associations designed to negate competitors’ pointsof-difference. In other words, if a brand can “break even” in those areas where its competitors are trying to find an advantage and can achieve its own advantages in some other areas, the brand should be in a strong—and perhaps unbeatable—competitive position.
    - Correlational points-of-parity are those potentially negative associations that arise from the existence of other, more positive associations for the brand. One challenge for marketers is that many of the attributes or benefits that make up their POPs or PODs are inversely related. In other words, in the minds of consumers, if your brand is good at one thing, it can’t be seen as also good on something else. For example, consumers might find it hard to believe a brand is “inexpensive” and at the same time “of the highest quality.” Figure 2-6 displays some other examples of negatively correlated attributes and benefits.
  + One common market opportunity that often arises is the need to deepen the meaning of the brand to permit further expansion—**laddering**. One common market challenge is how to respond to competitive actions that threaten an existing positioning—**reacting**.
  + For example, **means-end chains** have been devised as a way of understanding higher-level meanings of brand characteristics. A means-end chain takes the following structure: attributes (descriptive features that characterize a product) lead to benefits (the personal value and meaning attached to product attributes), which, in turn, lead to values (stable and enduring personal goals or motivations)
  + The **brand functions** term describes the nature of the product or service or the type of experiences or benefits the brand provides. The **descriptive modifier** further clarifies its nature. Finally, the **emotional modifier** provides another qualifier—how exactly does the brand provide benefits and in what ways?
* Chapter 3
  + We first present the **brand resonance model**, which describes how to create intense, active loyalty relationships with customers. **The brand value chain model** is a means by which marketers can trace the value creation process for their brands to better understand the financial impact of their marketing expenditures and investments.
  + Notice the ordering of the steps in this **branding ladder**, from identity to meaning to responses to relationships. That is, we cannot establish meaning unless we have created identity; responses cannot occur unless we have developed the right meaning; and we cannot forge a relationship unless we have elicited the proper responses
  + To provide some structure, let us think of establishing **six brand building blocks** with customers that we can assemble in a pyramid, with significant brand equity only resulting if brands reach the top of the pyramid.
    - **Brand salience** measures various aspects of the awareness of the brand and how easily and often the brand is evoked under various situations or circumstances.
      * As the Tropicana example suggests, to fully understand brand recall, we need to appreciate **product category structure**, or how product categories are organized in memory.
    - **Brand performance** describes how well the product or service meets customers’ more functional needs. How well does the brand rate on objective assessments of quality? To what extent does the brand satisfy utilitarian, aesthetic, and economic customer needs and wants in the product or service category?
      * 1. Primary ingredients and supplementary features.
      * 2. Product reliability, durability, and serviceability. Reliability measures the consistency of performance over time and from purchase to purchase. Durability is the expected economic life of the product, and serviceability, the ease of repairing the product if needed.
      * 3. Service effectiveness, efficiency, and empathy
      * 4. Style and design.
      * 5. Price
    - Brand meaning is what helps produce **brand responses**, or what customers think or feel about the brand.
    - **Brand judgments** are customers’ personal opinions about and evaluations of the brand, which consumers form by putting together all the different brand performance and imagery associations.
    - **Brand credibility** describes the extent to which customers see the brand as credible in terms of three dimensions: perceived expertise, trustworthiness, and likability.
    - **Brand feelings** are customers’ emotional responses and reactions to the brand. Brand feelings also relate to the social currency evoked by the brand.
    - **Brand resonance** describes the nature of this relationship and the extent to which customers feel that they are “in sync” with the brand.
    - We can gauge **behavioral loyalty** in terms of repeat purchases and the amount or share of category volume attributed to the brand, that is, the “share of category requirements.” In other words, how often do customers purchase a brand and how much do they purchase?
  + The **brand value chain** is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value
* Chapter 4
  + In general, there are six criteria for brand elements
    - 1. Memorable 2. Meaningful 3. Likable 4. Transferable 5. Adaptable 6. Protectable
  + **URLs** (uniform resource locators) specify locations of pages on the Web and are also commonly referred to as domain names
  + **Logos** have a long history as a means to indicate origin, ownership, or association.
  + These non–word mark logos are also often called **symbols**
  + **Slogans** are short phrases that communicate descriptive or persuasive information about the brand. They often appear in advertising but can play an important role on packaging and in other aspects of the marketing program.
  + **Jingles** are musical messages written around the brand. Typically composed by professional songwriters, they often have enough catchy hooks and choruses to become almost permanently registered in the minds of listeners—sometimes whether they want them to or not!
  + **Packaging** is the activities of designing and producing containers or wrappers for a product. Like other brand elements, packages have a long history.
  + The entire set of brand elements makes up the **brand identity**, the contribution of all brand elements to awareness and image. The cohesiveness of the brand identity depends on the extent to which the brand elements are consistent
* Chapter 5
  + **Experiential marketing** promotes a product by not only communicating a product’s features and benefits but also connecting it with unique and interesting consumer experiences.
  + Marketing strategies must transcend the actual product or service to create stronger bonds with consumers and maximize brand resonance. This broader set of activities is sometimes called **relationship marketing** and is based on the premise that current customers are the key to long-term brand success
  + **Permission marketing**, the practice of marketing to consumers only after gaining their express permission, was another influential perspective on how companies can break through the clutter and build customer loyalty.
  + **Perceived quality** is customers’ perception of the overall quality or superiority of a product or service compared to alternatives and with respect to its intended purpose. Achieving a satisfactory level of perceived quality has become more difficult as continual product improvements over the years have led to heightened consumer expectations.
  + Perhaps in response to this oversight, one notable trend in marketing is the growing role of **aftermarketing**, that is, those marketing activities that occur after customer purchase.
  + Within any price tier, there is a range of acceptable prices, called **price bands**, that indicate the flexibility and breadth marketers can adopt in pricing their brands within a tier.
  + Consumer associations of perceived value are often an important factor in purchase decisions. Thus many marketers have adopted **value-based pricing strategies**—attempting to sell the right product at the right price—to better meet consumer wishes, as described in the next section.
  + The objective of **value pricing** is to uncover the right blend of product quality, product costs, and product prices that fully satisfies the needs and wants of consumers and the profit targets of the firm.
  + In part because of wide adoption of the Internet, firms are increasingly employing **yield management principles or dynamic pricing**, such as those adopted by airlines to vary their prices for different market segments according to their different demand and value perceptions.
  + **Everyday low pricing** (EDLP) has received increased attention as a means of determining price discounts and promotions over time.
  + **Marketing channels** are defined as “sets of interdependent organizations involved in the process of making a product or service available for use or consumption.
  + **Direct channels** mean selling through personal contacts from the company to prospective customers by mail, phone, electronic means, in-person visits, and so forth. **Indirect channels** sell through third-party intermediaries such as agents or broker representatives, wholesalers or distributors, and retailers or dealers
  + Though defined differently by different people, at its core **shopper marketing** emphasizes collaboration between manufacturers and retailers on in-store marketing like brand-building displays, sampling promotions, and other in-store activities designed to capitalize on a retailer’s capabilities and its customers.
  + By devoting marketing efforts to the end consumer, a manufacturer is said to employ a **pull strategy**, since consumers use their buying power and influence on retailers to “pull” the product through the channel. This approach is called a **push strategy**, because the manufacturer is attempting to reach the consumer by “pushing” the product through each step of the distribution chain.
  + **Branded variants** have been defined as branded items in a diverse set of durable and semidurable goods categories that are not directly comparable to other items carrying the same brand name.
* Chapter 6:
  + . For example, for a person to be persuaded by any form of communication (a TV advertisement, newspaper editorial, or blog posting), the following six steps must occur:
    - Exposure: A person must see or hear the communication
    - Attention: A person must notice the communication.
    - Comprehension: A person must understand the intended message or arguments of the communication
    - Yielding: A person must respond favorably to the intended message or arguments of the communication
    - Intentions: A person must plan to act in the desired manner of the communication.
    - Behavior: A person must actually act in the desired manner of the communication
  + **Advertising** is any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor.
  + In designing and evaluating an ad campaign, marketers should distinguish the **message strategy** or positioning of an ad (what the ad attempts to convey about the brand) from its **creative strategy** (the way the ad expresses the brand claims).
  + To evaluate the effectiveness of message and creative strategies, **copy testing** is often conducted, in which a sample of consumers is exposed to candidate ads and their reactions are gauged in some manner.
  + In contrast to advertising in traditional broadcast and print media, which typically communicates to consumers in a nonspecific and nondirective manner, **direct response** uses mail, telephone, Internet, and other contact tools to communicate with or solicit a response from specific customers and prospects.
  + Some direct marketers employ what they call **precision marketing**—combining data analytics with strategic messages and compelling colors and designs in their communications
  + **Place advertising**, also called out-of-home advertising, is a broadly defined category that captures advertising outside traditional media. Increasingly, ads and commercials are showing up in unusual spots, sometimes as parts of experiential marketing programs
  + **Sales promotions** are short-term incentives to encourage trial or usage of a product or service.37 Marketers can target sales promotions to either the trade or end consumers. Like advertising, sales promotions come in all forms
  + **Owned media** are those media channels the brand controls to some extent—Web sites, e-mails, social media, etc. **Earned media** are when consumers themselves communicate about the brand via social media, word-of-mouth, etc.
  + Formally, **event marketing** can be defined as public sponsorship of events or activities related to sports, art, entertainment, or social causes.
  + There are two basic approaches to measuring the effects of sponsorship activities: the **supply-side method** focuses on potential exposure to the brand by assessing the extent of media coverage, and the **demand-side method** focuses on reported exposure from consumers.
  + **Geotargeting occurs** when marketers take advantage of digital technology to send messages to consumers based on their location and the activities they are engaging in.
  + **Publicity** is nonpersonal communications such as press releases, media interviews, press conferences, feature articles, newsletters, photographs, films, and tapes. **Public relations** may also include annual reports, fund-raising and membership drives, lobbying, special event management, and public affairs.
* Chapter 7
  + Co-branding—also called brand bundling or brand alliances—occurs when two or more existing brands are combined into a joint product or are marketed together in some fashion
  + To describe the process more formally, here are three important factors in predicting the extent of leverage from linking the brand to another entity:
    - 1. Awareness and knowledge of the entity: If consumers have no awareness or knowledge of the secondary entity, then obviously there is nothing they can transfer from it. Ideally, consumers would be aware of the entity; hold some strong, favorable, and perhaps even unique associations about it; and have positive judgments and feelings about it.
    - 2. Meaningfulness of the knowledge of the entity: Given that the entity evokes some positive associations, judgments, or feelings, is this knowledge relevant and meaningful for the brand? The meaningfulness may vary depending on the brand and product context. Some associations, judgments, or feelings may seem relevant to and valuable for the brand, whereas others may seem to consumers to have little connection.
    - 3. Transferability of the knowledge of the entity: Assuming that some potentially useful and meaningful associations, judgments, or feelings exist regarding the entity and could possibly transfer to the brand, how strongly will this knowledge actually become linked to the brand?
  + A **commonality** leveraging strategy makes sense when consumers have associations to another entity that are congruent with desired brand associations
  + **Co-branding**—also called brand bundling or brand alliances—occurs when two or more existing brands are combined into a joint product or are marketed together in some fashion.
  + A special case of co-branding is **ingredient branding**, which creates brand equity for materials, components, or parts that are necessarily contained within other branded products
  + **Licensing** creates contractual arrangements whereby firms can use the names, logos, characters, and so forth of other brands to market their own brands for some fixed fee.
  + **Corporate trademark licensing** is the licensing of company names, logos, or brands for use on various, often unrelated products.
* Chapter 8
  + An **indirect approach** can assess potential sources of customer-based brand equity by identifying and tracking consumers’ brand knowledge—all the thoughts, feelings, images, perceptions, and beliefs linked to the brand. A **direct approach**, on the other hand, can assess the actual impact of brand knowledge on consumer response to different aspects of the marketing program
  + A **brand equity measurement system** is a set of research procedures designed to provide marketers with timely, accurate, and actionable information about brands so they can make the best possible tactical decisions in the short run and strategic decisions in the long run.
  + Virtually every marketing dollar spent today must be justified as both effective and efficient in terms of **return of marketing investment** (ROMI).1 This increased accountability has forced marketers to address tough challenges and develop new measurement approaches.
  + A **brand audit** is a comprehensive examination of a brand to discover its sources of brand equity.
  + A **marketing audit** is a “comprehensive, systematic, independent, and periodic examination of a company’s—or business unit’s— marketing environment, objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the company’s marketing performance.
  + The purpose of the **brand inventory** is to provide a current, comprehensive profile of how all the products and services sold by a company are marketed and branded.
  + Thus, the second step of the brand audit is to provide detailed information about what consumers actually think of the brand by means of the **brand exploratory**
  + **Brand tracking studies** collect information from consumers on a routine basis over time, usually through quantitative measures of brand performance on a number of key dimensions that marketers can identify in the brand audit or other means.
  + **A brand equity management** system is a set of organizational processes designed to improve the understanding and use of the brand equity concept within a firm. Three major steps help to implement a brand equity management system: creating brand charters, assembling brand equity reports, and defining brand equity responsibilities. The following subsections discuss each of these in turn.
  + The first step in establishing a brand equity management system is to formalize the company view of brand equity into a document, the **brand charter**, or brand bible as it is sometimes called, that provides relevant guidelines to marketing managers within the company as well as to key marketing partners outside the company such as marketing research suppliers or ad agency staff.
  + A number of firms have implemented **marketing dashboards** to provide comprehensive but actionable summaries of brand-related information.
    - As part of a brand development review, he suggests the following topics and activities:24 • Review brand-sensitive material: For example, review brand strength monitors or tracking studies, brand audits, and focus groups, as well as less formal personal observations or “gut feelings.” • Review the status of key brand initiatives: Because brand initiatives include strategic thrusts to either strengthen a weakness in the brand or exploit an opportunity to grow the brand in a new direction, customer perceptions may change and marketers therefore need to assess them. • Review brand-sensitive projects: For example, evaluate advertising campaigns, corporate communications, sales meeting agendas, and important human resources programs (recruitment, training, and retention that profoundly affect the organization’s ability to embrace and project brand values). • Review new product and distribution strategies with respect to core brand values: For example, evaluate licensing the brand to penetrate new markets, forming joint ventures to develop new products or brands, and expanding distribution to nontraditional platforms such as large-scale discount retailers. • Resolve brand positioning conflicts: Identify and resolve any inconsistencies in positioning across channels, business units, or markets.
* Chapter 9:
  + **Qualitative research techniques** often identify possible brand associations and sources of brand equity.
  + **Projective techniques** are diagnostic tools to uncover the true opinions and feelings of consumers when they are unwilling or otherwise unable to express themselves on these matters.
  + The pattern that emerges when we generalize these imprinting moments for the entire population is the **archetype**, a fundamental psychological association, shared by the members of the culture, with a given cultural object.
  + The interview consists of a series of steps, each with a specific purpose in mind:
    - 1. Storytelling: Exploring individual visual metaphors 2. Expand the Frame: Expanding the metaphoric meaning of images 3. Sensory Metaphor: Eliciting metaphors about the research topic from each sensory modality 4. Vignette: Using the mind’s eye to create a short story about the research topic 5. Digital Image: Integrating the images to create a visual summary of the research topic
  + . Whereas qualitative research typically elicits some type of verbal response from consumers, **quantitative research** typically employs various types of scale questions from which researchers can draw numerical representations and summaries.
  + **Unaided recall** on the basis of “all brands” provided as a cue is likely to identify only the very strongest brands. **Aided recall** uses various types of cues to help consumer recall. One possible sequence of aided recall might use progressively narrower cues—such as product class, product category, and product type labels—to provide insight into the organization of consumers’ brand knowledge structures.
  + **Multidimensional scaling** (MDS) is a procedure for determining the perceived relative images of a set of objects, such as products or brands. MDS transforms consumer judgments of similarity or preference into distances represented in perceptual space.
  + It defines a brand’s strength in terms of the strength, depth, and durability of the consumer-brand relational bond using the multifaceted concept of **brand relationship quality,** or BRQ.
  + The six main facets of brand relationship quality are as follows:
    - Interdependence: The degree to which the brand is ingrained in the consumer’s daily course of living, both behaviorally (in terms of frequency, scope, and strength of interactions) and cognitively (in terms of longing for and preoccupation with anticipated brand interactions). Interdependence is often revealed through the presence of routinized behavioral rituals surrounding brand purchase and use, and through separation anxiety experienced during periods of product deprivation. At its extremes, interdependence becomes dependency and addiction.
    - Self-concept connection: The degree to which the brand delivers on important identity concerns, tasks, or themes, thereby expressing a significant part of the self-concept, both past (including nostalgic references and brand memories) and present, and personal as well as social. Grounding of the self provides feelings of comfort, connectedness, control, and security. In its extreme form, self-connection reflects integration of concepts of brand and self.
    - Commitment: Dedication to continued brand association and betterment of the relationship, despite circumstances foreseen and unforeseen. Commitment includes professed faithfulness and loyalty to the other, often formalized through stated pledges and publicized intentions. Commitment is not defined solely by sunk costs and irretrievable investments that pose barriers to exit
    - Love/passion: Affinity toward and adoration of the brand, particularly with respect to other available alternatives. The intensity of the emotional bonds joining relationship partners may range from feelings of warmth, caring, and affection to those of true passion. Love includes the belief that the brand is irreplaceable and uniquely qualified as a relationship partner
    - Intimacy: A sense of deep familiarity with and understanding of both the essence of the brand as a partner in the relationship and the nature of the consumer-brand relationship itself. Intimacy is revealed in the presence of a strong consumer-brand relationship culture, the sharing of little-known personal details of the self, and an elaborate brand memory containing significant experiences or associations. Intimacy is a two-dimensional concept: the consumer develops intimate knowledge of the brand, and also feels a sense of intimacy exhibited on the part of the brand toward the individual as a consumer.
    - Partner quality: Perceived partner quality involves a summary judgment of the caliber of the role enactments performed by the brand in its partnership role. Partner quality includes three central components: (1) an empathic orientation toward the other (ability of the partner to make the other feel wanted, cared for, respected, noticed, and important; responsiveness to needs); (2) a character of reliability, dependability, and predictability in the brand; and (3) trust or faith in the belief that the brand will adhere to established relationship rules and be held accountable for its actions
* Chapter 10:
  + **Comparative methods** are research studies or experiments that examine consumer attitudes and behavior toward a brand to directly estimate specific benefits arising from having a high level of awareness and strong, favorable, and unique brand associations. There are two types of comparative methods.
    - **Brand-based comparative approaches** use experiments in which one group of consumers responds to an element of the marketing program or some marketing activity when it is attributed to the target brand, and another group responds to that same element or activity when it is attributed to a competitive or fictitiously named brand.
    - **Marketing-based comparative approaches** use experiments in which consumers respond to changes in elements of the marketing program or marketing activity for the target brand or competitive brands.
  + Although consumers may interpret marketing activity for a fictitiously named or unnamed version of the product or service in terms of their general product category knowledge, they may also have a particular brand, or **exemplar**, in mind. This exemplar may be the category leader or some other brand that consumers feel is representative of the category, like their most preferred brand.
  + **Conjoint analysis** is a survey-based multivariate technique that enables marketers to profile the consumer decision process with respect to products and brands.9 Specifically, by asking consumers to express preferences or choose among a number of carefully designed product profiles, researchers can determine the trade-offs consumers are making between various brand attributes, and thus the importance they are attaching to them.
  + The value consumers attach to each attribute level, as statistically derived by the conjoint formula, is called a **part worth**.
  + **Holistic methods** place an overall value on the brand in either abstract utility terms or concrete financial terms. Thus, holistic methods attempt to “net out” various considerations to determine the unique contribution of the brand.
  + The **residual approach** examines the value of the brand by subtracting consumers’ preferences for the brand––based on physical product attributes alone––from their overall brand preferences.
  + **The valuation approach** places a financial value on brand equity for accounting purposes, mergers and acquisitions, or other such reasons.
  + They define the **equalization price** as the price that equates the utility of a brand to the utilities that could be attributed to a brand in the category where no brand differentiation occurred. We can consider equalization price a proxy for brand equity.
  + The **attribute-perception biased component** of brand equity is the difference between subjectively perceived attribute values and objectively measured attribute values. Objectively measured attribute values come from independent testing services such as Consumer Reports or acknowledged experts in the field.
  + The **nonattribute preference component** of brand equity is the difference between subjectively perceived attribute values and overall preference. It reflects the consumer’s overall appraisal of a brand that goes beyond the utility of individual product attributes.
  + **Tangible assets** include property, plant, and equipment; current assets (inventories, marketable securities, and cash); and investments in stocks and bonds. We can estimate the value of tangible assets using accounting book values and reported estimates of replacement costs.
  + **Intangible assets**, on the other hand, are any factors of production or specialized resources that permit the company to earn cash flows in excess of the return on tangible assets. In other words, intangible assets augment the earning power of a firm’s physical assets. They are typically lumped under the heading of **goodwill** and include things such as patents, trademarks, and licensing agreements, as well as “softer” considerations such as the skill of the management and customer relations.
* Chapter 12
  + A **brand extension** occurs when a firm uses an established brand name to introduce a new product. The brand extension can also be **a sub-brand**. An existing brand that gives birth to a brand extension is the **parent brand**. If the parent brand is already associated with multiple products through brand extensions, then it may also be called a **family brand**.
    - Line extension: Marketers apply the parent brand to a new product that targets a new market segment within a product category the parent brand currently serves. A line extension often adds a different flavor or ingredient variety, a different form or size, or a different application for the brand (like Head & Shoulders Dry Scalp shampoo).
    - Category extension: Marketers apply the parent brand to enter a different product category from the one it currently serves (like Swiss Army watches).
  + For these inferences to result in favorable evaluations of an extension, four basic conditions must generally hold true:
    - 1. Consumers have some awareness of and positive associations about the parent brand in memory. Unless they have positive associations about the parent brand, consumers are unlikely to form favorable expectations of an extension.
    - 2. At least some of these positive associations will be evoked by the brand extension. A number of different factors will determine which parent brand associations are evoked, but in general, consumers are likely to infer associations similar in strength, favorability, and uniqueness to the parent brand when they see the brand extension as similar or close in fit to the parent.
    - 3. Negative associations are not transferred from the parent brand. Ideally, any negative associations that do exist for the parent brand will be left behind and not play a prominent role in consumers’ evaluation of the extension
    - 4. Negative associations are not created by the brand extension. Finally, any parent-brand attributes or benefits that consumers view positively—or at least neutrally—must not be seen as negative for the extension. Consumers must also not infer any new attribute or benefit associations that did not characterize the parent brand but which they see as a potential drawback to the extension.
  + Initially, whether we can create a positive image for an extension will depend on three consumer-related factors:
    - How salient parent brand associations are in the minds of consumers in the extension context; that is, what information comes to mind about the parent brand when consumers think of the proposed extension, and the strength of those associations.
    - How favorable any inferred associations are in the extension context; that is, whether this information suggests the type of product or service the brand extension would be, and whether consumers view these associations as good or bad in the extension context
    - How unique any inferred associations are in the extension category; that is, how these perceptions compare with those about competitors
  + The effects of an extension on consumer brand knowledge will depend on four factors:
    - 1. How compelling the evidence is about the corresponding attribute or benefit association in the extension context—that is, how attention-getting and unambiguous or easily interpretable the information is. Strong evidence is attention-getting and unambiguous. Weak evidence may be ignored or discounted
    - 2. How relevant or diagnostic the extension evidence is for the attribute or benefit for the parent brand, that is, how much consumers see evidence on product performance or imagery in one category as predictive of product performance or imagery for the brand in other categories. Evidence will affect parent brand evaluations only if consumers feel extension performance is indicative of the parent brand in some way
    - 3. How consistent the extension evidence is with the corresponding parent brand associations. Consistent extension evidence is less likely to change the evaluation of existing parent brand associations. Inconsistent extension evidence creates the potential for change, with the direction and extent of change depending on the relative strength and favorability of the evidence. Note, however, that consumers may discount or ignore highly inconsistent extension evidence if they don’t view it as relevant.37
    - 4. How strongly existing attribute or benefit associations are held in consumer memory for the parent brand, that is, how easy an association might be to change.
  + Successful brand extensions occur when the parent brand has favorable associations and consumers perceive a fit between the parent brand and the extension product.
  + There are many bases of fit: both product-related and non-product-related attributes and benefits may influence extension fit.
  + Depending on their knowledge of the product categories, consumers may perceive fit based on technical or manufacturing commonalities, or on surface considerations such as necessary or situational complementarity.
  + High-quality brands stretch farther than average-quality brands, although both types have boundaries
  + A brand that consumers see as prototypical for a product category can be difficult to extend outside the category.
  + Concrete attribute associations tend to be more difficult to extend than abstract benefit associations.
  + Consumers may transfer associations that are positive in the original product class but become negative in the extension context
  + . Consumers may infer negative associations about an extension, perhaps even based on other inferred positive associations.
  + It can be difficult to extend into a product class that consumers see as easy to make.
  + A successful extension can not only contribute to the parent brand image but also enable a brand to extend even farther.
  + An unsuccessful extension hurts the parent brand only when there is a strong basis of fit between the two.
  + An unsuccessful extension does not prevent a firm from backtracking and introducing a more similar extension.
  + Vertical extensions can be difficult and often require sub-branding strategies
  + The most effective advertising strategy for an extension is one that emphasizes information about the extension (rather than reminders about the parent brand).
  + Individual differences can affect how consumers make an extension decision and will moderate extension effects.
  + Cultural differences across markets can influence extension success.

MGT 105

October 29th and 31st

* Brand Name
  + Considered anchor
* Brand Element Choice Criteria
  + Memorable
  + Meaningful
  + Appealing
  + Protectable
  + Adaptable
  + Transferable
* Brand Element Choice
  + Each brand element plays a different role in creating the overall perception
    - Diff strengths and weaknesses
  + Brand elements should be used strategically to achieve a balance and impact
  + Need consistency and integration
* Types of brand elements
  + Brand Names
    - Captures the central theme or key associations of a product in a very compact and economical fashion
    - Most difficulty element for marketers to change
  + URLs
    - Specify locations of pages on the web
  + Logos and Symbols
    - Indicate origin, ownership or association
    - Nike with the swoosh
  + Characters
    - Special type of brand symbol
      * One that takes on human or real-life characteristics
    - Introduced through advertising and can play a central role
  + Slogans
    - Short phrases that communicate descriptive or persuasive information about the brand
    - Functions as useful hooks or handles
  + Jingles
    - Musical messages written around the brand
    - Enhances brand awareness by repeating the brand name in clever and amusing ways
  + Packaging
    - Activity of designing and producing containers or wrappers
    - Packaging must hit a lot of goals

**Chapter 1: Brands and Brand management**

**WHAT IS A BRAND?**

Is way to short cut target market. Differentiate, represent, defending and total experience themselves.

**Create good brand**:

- be consistent

With every

Customer

Touch point

**Brand Elements**

name, logo, symbol, package design, or other characteristic that identifies a product and distinguishes it from others. As human being.

**Brands versus Products**

A ***product*** is anything we can offer to a market for attention, acquisition, use, or consumption that might satisfy a need or want. Brand: has dimensions that differentiate it in some way from other products designed to satisfy the same need.

We can define five levels of meaning for a product:4

1. The ***core benefit level*** is the fundamental need or want that consumers satisfy by consuming the product or service.
2. The ***generic product level*** is a 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.
3. The ***expected product level*** is a set of attributes or characteristics that buyers normally expect and agree to when they purchase a product.
4. The ***augmented product level*** includes additional product attributes, benefits, or related services that distinguish the product from competitors.
5. The ***potential product level*** includes all the augmentations and transformations that a product might ultimately undergo in the future.

Trough brand, organization:

Create pervrived difference among products

Develop loyal customer franchise

Create value that can translate to financial profits.

**WHY DO BRANDS MATTER?**

**Consumers:** Brands identify the source or maker of a product and allow consumers to assign responsibility to a particular manufacturer or distributor. Most important, brands take on special meaning to consumers. Because of past experiences with the product and its marketing program over the years, consumers find out which brands satisfy their needs and which ones do not. As a result, brands provide a shorthand device or means of simplification for their product decisions.

**Roles That Brands Play**

Brands can also play a significant role in signaling certain product characteristics to consumers. Researchers have classified products and their associated attributes or benefits into three major categories: search goods, experience goods, and credence goods.11

* For ***search goods*** like grocery produce, consumers can evaluate product attributes like sturdiness, size, color, style, design, weight, and ingredient composition by visual inspection.
* For ***experience goods*** like automobile tires, consumers cannot assess product attributes like durability, service quality, safety, and ease of handling or use so easily by inspection, and actual product trial and experience is necessary.
* For ***credence goods*** like insurance coverage, consumers may rarely learn product attributes.

Brands can reduce the risks in product decisions. Consumers may perceive many different types of risks in buying and consuming a product:13

* *Functional risk:* The product does not perform up to expectations.
* *Physical risk:* The product poses a threat to the physical well-being or health of the user or others.
* *Financial risk:* The product is not worth the price paid.
* *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.

**Firms** Brands also provide a number of valuable functions to their firms.14 Fundamentally, they serve an identification purpose, to simplify product handling or tracing. Operationally, brands help organize inventory and accounting records. A brand also offers the firm legal protection for unique features or aspects of the product. A brand can retain intellectual property rights, giving legal title to the brand owner.15 The brand name can be protected through registered trademarks; manufacturing processes can be protected through patents; and packaging can be protected through copyrights and designs. These intellectual property rights ensure that the firm can safely invest in the brand and reap the benefits of a valuable asset.

**CAN ANYTHING BE BRANDED?**

### Physical Goods

Physical goods are what are traditionally associated with brands and include many of the bestknown and highly regarded consumer products, like Mercedes-Benz, Nescafé, and Sony. More and more companies selling industrial products or durable goods to other companies are recognizing the benefits of developing strong brands. Brands have begun to emerge among certain types of physical goods that never supported brands before. Let us consider the role of branding in industrial “business-to-business” products and technologically intensive “high-tech” products.

Services: Although strong service brands like American Express, British Airways, Ritz-Carlton, Merrill Lynch, and Federal Express have existed for years, the pervasiveness of service branding and its sophistication have accelerated in the past decade.

Retailers and Distributors: To retailers and other channel members distributing products, brands provide a number of important functions. Brands can generate consumer interest, patronage, and loyalty in a store, as consumers learn to expect certain brands and products. To the extent “you are what you sell,” 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 their service, their product assortment and merchandising, and their pricing and credit policy. Finally, the appeal and attraction of brands, whether manufacturers’ brands or the retailers’ own brands, can yield higher price margins, increased sales volumes, and greater profits.

Retailers can introduce their own brands by using their store name, creating new names, or some combination of the two. Many distributors, especially in Europe, have actually introduced their own brands, which they sell in addition to—or sometimes even instead of—manufacturers’ brands. Products bearing these ***store brands*** or ***private label*** brands offer another way for retailers to increase customer loyalty and generate higher margins and profits.

Online Products and Services

Some of the strongest brands in recent years have been born online. Google, Facebook, and Twitter are three notable examples. That wasn’t always the case. At the onset of the Internet, many online marketers made serious—and sometimes fatal—mistakes. Some oversimplified the branding process, equating flashy or unusual advertising with building a brand. Although such marketing efforts sometimes caught consumers’ attention, more often than not they failed to create awareness of what products or services the brand represented, why those products or services were unique or different, and most important, why consumers should visit their Web site.

Online marketers now realize the realities of brand building. First, as for any brand, it is critical to create unique aspects of the brand on some dimension that is important to consumers, such as convenience, price, or variety. At the same time, the brand needs to perform satisfactorily in other areas, such as customer service, credibility, and personality. For instance, customers increasingly began to demand higher levels of service both during and after their Web site visits.

#### People and Organizations

When the product category is people or organizations, the naming aspect of branding, at least, is generally straightforward. These often have well-defined images that are easily understood and liked (or disliked) by others. That’s particularly true for public figures such as politicians, entertainers, and professional athletes. All these compete in some sense for public approval and acceptance, and all benefit from conveying a strong and desirable image.

#### Sports, Arts, and Entertainment

A special case of marketing people and organizations as brands exists in the sports, arts, and entertainment industries. Sports marketing has become highly sophisticated in recent years, employing traditional packaged-goods techniques. No longer content to allow win–loss records to dictate attendance levels and financial fortunes, many sports teams are marketing themselves through a creative combination of advertising, promotions, sponsorship, direct mail, digital, and other forms of communication. By building awareness, image, and loyalty, these sports franchises are able to meet ticket sales targets regardless of what their team’s actual performance might turn out to be. Brand symbols and logos in particular have become an important financial contributor to professional sports through licensing agreements.

Geographic Locations

Ideas and Causes

## BRANDING CHALLENGES AND OPPORTUNITIES

### Savvy Customers

Increasingly, consumers and businesses have become more experienced with marketing, more knowledgeable about how it works, and more demanding. A well-developed media market pays increased attention to companies’ marketing actions and motivations. Consumer information and support exists in the form of consumer guides (*Consumer Reports*), Web sites (Epinions .com), influential blogs, and so on.

### Economic Downturns

A severe recession that commenced in 2008 threatened the fortunes of many brands. One research study of consumers at the end of 2009 found the following sobering facts

### Brand Proliferation

Another important change in the branding environment is the proliferation of new brands and products, in part spurred by the rise in line and brand extensions. As a result, a brand name may now be identified with a number of different products with varying degrees of similarity.

##### Media Transformation

Another important change in the marketing environment is the erosion or fragmentation of traditional advertising media and the emergence of interactive and nontraditional media, promotion, and other communication alternatives.

##### Increased Competition

One reason marketers have been forced to use so many financial incentives or discounts is that the marketplace has become more competitive. Both demand-side and supply-side factors have contributed to the increase in competitive intensity. On the demand side, consumption for many products and services has flattened and hit the maturity stage, or even the decline stage, of the product life cycle. As a result, marketers can achieve sales growth for brands only by taking away competitors’ market share.

##### Increased Costs

At the same time that competition is increasing, the cost of introducing a new product or supporting an existing product has increased rapidly, making it difficult to match the investment and level of support that brands were able to receive in previous years.

##### Greater Accountability

Finally, marketers often find themselves responsible for meeting ambitious short-term profit targets because of financial market pressures and senior management imperatives. Stock analysts value strong and consistent earnings reports as an indication of the long-term financial health of a firm. As a result, marketing managers may find themselves in the dilemma of having to make decisions with short-term benefits but long-term costs (such as cutting advertising expenditures).

## THE BRAND EQUITY CONCEPT

One of the most popular and potentially important marketing concepts to arise in the 1980s was ***brand equity.*** Its emergence, however, has meant both good news and bad news to marketers. The good news is that brand equity has elevated the importance of the brand in marketing strategy and provided focus for managerial interest and research activity. The bad news is that, confusingly, the concept has been defined a number of different ways for a number of different purposes. No common viewpoint has emerged about how to conceptualize and measure brand equity.

What is brand equity: differences in outcomes arise from the added value end owed to product.

Strong brands: brands that have been market leaders in their categories of decades.

## STRATEGIC BRAND MANAGEMENT PROCESS

***Strategic brand management*** involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity. In this text, we define the ***strategic brand management process*** as having four main steps (see Figure 1-12):

1. Identifying and developing brand plans
2. Designing and implementing brand marketing programs
3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity

Let’s briefly highlight each of these four steps.40

### Identifying and Developing Brand Plans

The strategic brand management process starts with a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors.41 Brand planning, as described in Chapters 2 and 3, uses the following three interlocking models.

* The ***brand positioning model*** describes how to guide integrated marketing to maximize competitive advantages.
* The ***brand resonance model*** describes how to create intense, activity loyalty relationships with customers.
* The ***brand value chain*** is a means to trace the value creation process for brands, to better understand the financial impact of brand marketing expenditures and investments.

### Designing and Implementing Brand Marketing Programs

As Chapter 2 outlines, building brand equity requires properly positioning the brand in the minds of customers and achieving as much brand resonance as possible.

***Choosing Brand Elements.*** The most common brand elements are brand names, URLs, logos, symbols, characters, packaging, and slogans. The best test of the brand-building contribution of a brand element is what consumers would think about the product or service if they knew only its brand name or its associated logo or other element. Because different elements have different advantages, marketing managers often use a subset of all the possible brand elements or even all of them.

### Measuring and Interpreting Brand Performance

To manage their brands profitably, managers must successfully design and implement a brand equity measurement system. A ***brand equity measurement system*** is a 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. As described in Chapter 8, implementing such a system involves three key steps— conducting ***brand audits***, designing ***brand tracking*** studies, and establishing a ***brand equity management system***.

The task of determining or evaluating a brand’s positioning often benefits from a brand audit. A ***brand audit*** is a comprehensive examination of a brand to assess its health, uncover its sources of equity, and suggest ways to improve and leverage that equity. A brand audit requires understanding sources of brand equity from the perspective of both the firm and the consumer.

Once marketers have determined the brand positioning strategy, they are ready to put into place the actual marketing program to create, strengthen, or maintain brand associations. ***Brand tracking studies*** collect information from consumers on a routine basis over time, typically through quantitative measures of brand performance on a number of key dimensions marketers can identify in the brand audit or other means.Chapters 9 and 10 describe a number of measures to operationalize it.

A ***brand equity management system*** is a set of organizational processes designed to improve the understanding and use of the brand equity concept within a firm. Three major steps help implement a brand equity management system: creating brand equity charters, assembling brand equity reports, and defining brand equity responsibilities.

### Growing and Sustaining Brand Equity

Defining brand architecture, managing brand equity over time, managing brand equity over geographic boundaries.

**Chapter 2: Customer-based brand and Equity and brand positioning**

## CUSTOMER-BASED BRAND EQUITY

### Defining Customer-Based Brand Equity

We formally define ***customer-based brand equity*** as the differential effect that brand knowledge has on consumer response to the marketing of that brand. (1) “differential effect,” (2) “brand knowledge,” and (3) “consumer response to marketing.” First, brand equity arises from differences in consumer response.

### Brand Equity as a Bridge

## MAKING A BRAND STRONG: BRAND KNOWLEDGE

The ***associative network memory model*** views memory as a network of nodes and connecting links,

***Brand awareness*** is related to the strength of the brand node or trace in memory, which we can measure as the consumer’s ability to identify the brand under different conditions.8

***brand image*** is consumers’ perceptions about a brand, as reflected by the brand associations held in consumer memory.10

## SOURCES OF BRAND EQUITY

### Brand Awareness

Brand awareness consists of brand recognition and brand recall performance:

* ***Brand recognition*** is consumers’ ability to confirm prior exposure to the brand when given the brand as a cue. In other words, when they go to the store, will they be able to recognize the brand as one to which they have already been exposed?
* ***Brand recall*** is consumers’ ability to retrieve the brand from memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as a cue. In other words, consumers’ recall of Kellogg’s Corn Flakes will depend on their ability to retrieve the brand when they think of the cereal category or of what they should eat for breakfast or a snack, whether at the store when making a purchase or at home when deciding what to eat.

### Brand Image

Creating brand awareness by increasing the familiarity of the brand through repeated exposure and forging strong associations with the appropriate product category or other relevant purchase or consumption cues is an important first step in building brand equity. Once a sufficient level of brand awareness is created, marketers can put more emphasis on crafting a brand image. Strength of broad associations, favorability, unique

***Brand attributes*** are those descriptive features that characterize a product or service. ***Brand benefits*** are the personal value and meaning that consumers attach to the product or service attributes.

**IDENTIFYING AND ESTABLISHING BRAND POSITIONING**

### Basic Concepts

***Brand positioning*** is at the heart of marketing strategy.

### Target Market

A ***market*** -***Market( consumer) segmentation***

### Nature of Competition

### Points-of-Parity and Points-of-Difference

## POSITIONING GUIDELINES

### Defining and Communicating the Competitive Frame of Reference

### Choosing Points-of-Difference

### Establishing Points-of-Parity *and* Points-of-Difference

**Straddle Positions**

**Updating Positioning over Time**

##### Developing a Good Positioning

**DEFINING A BRAND MANTRA**

### Brand Mantras

### Chapter 3: Brand Resonance and the Brand Value Chain

## BUILDING A STRONG BRAND: THE FOUR STEPS OF BRAND BUILDING

1: Brand salience

2: Brand performance and brand imagery

3: brand judgement and feelings

4: brand resonance

### Brand Salience

***Brand salience*** measures various aspects of the awareness of the brand and how easily and often the brand is evoked under various situations or circumstances. To what extent is the brand top-of-mind and easily

### Brand Performance

Meet customers’ need

Rate on objective assessments of quality

Satisfies

### Brand Imagery

1. User profiles
2. Purchase and usage situations
3. Personality and values
4. History, heritage, and experiences

##### Brand Judgments

***Brand judgments*** are customers’ personal opinions about and evaluations of the brand, which consumers form by putting together all the different brand performance and imagery associations. Customers may make all types of judgments with respect to a brand, but four types are particularly important: judgments about quality, credibility, consideration, and superiority.

##### Brand Feelings

***Brand feelings*** are customers’ emotional responses and reactions to the brand. Brand feelings also relate to the social currency evoked by the brand. What feelings are evoked by the marketing program for the brand or by other means? How does the brand affect customers’ feelings about themselves and their relationship with others? These feelings can be mild or intense and can be positive or negative.

##### Brand Resonance

1. Behavioral loyalty
2. Attitudinal attachment
3. Sense of community
4. Active engagement

**Brand-Building Implications**

Customer own the brand, don’t take short cut with brands, duality, richness, brand resonance provides important focus.

## THE BRAND VALUE CHAIN

The ***brand value chain*** is a structured approach to assessing the sources and outcomes of brand equity and the manner by which marketing activities create brand value.

### Value Stages

***Marketing Program Investment***

***Program Quality Multiplier.***

***Customer Mind-Set.***

***Marketplace Conditions Multiplier.***

***Market Performance***

***Investor Sentiment Multiplier.***

***Shareholder Value.***

### Customer Equity

***Blattberg and Colleagues***

Chapter 4: Choosing Brand Elements to Build Brand Equity

**CRITERIA FOR CHOOSING BRAND ELEMENTS**

### Memorability

### Meaningfulness

### Likability

### Transferability

### Adaptability

##### Protectability

**OPTIONS AND TACTICS FOR BRAND ELEMENTS**

### Brand Names

***Differentiated, Distinctive, and Unique***

***Familiarity and Meaningfulness.***

***Brand Associations***

### URLs

***URLs*** (uniform resource locators) specify locations of pages on the Web and are also commonly referred to as ***domain names.***

### Logos and Symbols

### Characters

**Slogans： *Slogans*** are short phrases that communicate descriptive or persuasive information about the brand.

##### Jingles： *Jingles* are musical messages written around the brand.

##### Packaging *Packaging* is the activities of designing and producing containers or wrappers for a product.

# Chapter 5: Designing Marketing Programs to Build Brand Equity

4 Ps, customer value, cost to the customers, convenience for buyers, communication.

## NEW PERSPECTIVES ON MARKETING

INTEGRATING MARKETING

### Personalizing Marketing

### Reconciling the Different Marketing Approaches

### Perceived Quality

### Aftermarketing

### Summary

## PRICING STRATEGY

### Consumer Price Perceptions

**Setting Prices to Build Brand Equity**

## CHANNEL STRATEGY

### Channel Design:

***Direct channels*** mean selling through personal contacts from the company to prospective customers by mail, phone, electronic means, in-person visits, and so forth. ***Indirect channels*** sell through third-party intermediaries such as agents or broker representatives, wholesalers or distributors, and retailers or dealers.

### Indirect Channels

### Direct Channels

Position and targeting

Gender, age, income, education, location, culture

Marketers: rapid technological developments, Greater customer empowerment, fragmentation of traditional media, increased competition.

Personalizing marketing: experiential marketing, relationship marketing

Brand experience scale: sensory, affective, behavioral, intellectual.

Relationship marketing: mass customization, one to one marketing, permission marketing

People, process and physical ( 3Ps)

# Chapter 6: Integrating Marketing Communications to Build Brand Equity

## THE NEW MEDIA ENVIRONMENT

### Challenges in Designing Brand-Building Communications: skillfully designed and implemented marketing

### Role of Multiple Communications: optimal utilization of monetary and other resource. Different communication options.

Marketing communication: firms attempt to inform, persuade, and remind consumers about seem to be losing their grip.

## FOUR MAJOR MARKETING COMMUNICATION OPTIONS

### Advertising: it about money, but public relation try to free.

##### Promotion

##### Online Marketing Communications

##### Events and Experiences

##### Mobile Marketing

## BRAND AMPLIFIERS

### Public Relations and Publicity

***Publicity*** is nonpersonal communications such as press releases, media interviews, press conferences, feature articles, newsletters, photographs, films, and tapes. ***Public relations*** may also include annual reports, fund-raising and membership drives, lobbying, special event management, and public affairs.

### Word-of-Mouth

## DEVELOPING INTEGRATED MARKETING COMMUNICATION PROGRAMS

### Criteria for IMC Programs

### Using IMC Choice Criteria

Information processing model of communications: For a person to be persuade by any form of communication the following steps must occur: AIDCA: Attention, interest, desert, conviction, action.

Chapter 7: Leveraging Secondary Brand Associations to

## CONCEPTUALIZING THE LEVERAGING PROCESS

### Creation of New Brand Associations

Effects on Existing Brand

### Guidelines

## COMPANY

## COUNTRY OF ORIGIN AND OTHER GEOGRAPHIC AREAS

## CHANNELS OF DISTRIBUTION

## CO-BRANDING

An existing brand can also leverage associations by linking itself to other brands from the same or different company. ***Co-branding***—also called brand bundling or brand alliances—occurs when two or more existing brands are combined into a joint product or are marketed together in some fashion

##### Guidelines

##### Ingredient Branding

A special case of co-branding is ***ingredient branding***, which creates brand equity for materials, components, or parts that are necessarily contained within other branded products.

## LICENSING

***Licensing*** creates contractual arrangements whereby firms can use the names, logos, characters, and so forth of other brands to market their own brands for some fixed fee.

## CELEBRITY ENDORSEMENT

### Potential Problems

## SPORTING, CULTURAL, OR OTHER EVENTS

THIRD-PARTY SOURCES

**Celebrity endorsement**: Rationale, high level, of visibility.

Yellow Color Meaning: Meaning of The Color Yellow. ... On one hand yellow stands for freshness, happiness, positivity, clarity, energy, optimism, enlightenment, remembrance, intellect, honor, loyalty, and joy,

**Orange** represents enthusiasm, fascination, happiness, creativity, determination, attraction, success, encouragement, and stimulation. To the human eye, **orange** is a very hot **color**, so it gives the sensation of heat. Nevertheless, **orange** is not as aggressive as red.

Green: Green is the color of nature. It symbolizes growth, harmony, freshness, and fertility. Green has strong emotional correspondence with safety. Dark green is also commonly associated with money.

Blue is the color of the sky and sea. It is often associated with depth and stability. It symbolizes trust, loyalty, wisdom, confidence, intelligence, faith, truth, and heaven.

White is associated with light, goodness, innocence, purity, and virginity. It is considered to be the color of perfection.

Black is associated with power, elegance, formality, death, evil, and mystery.

Red. Red is the color of fire and blood, so it is associated with energy, war, danger, strength, power, determination as well as passion, desire, and love. Red is a very emotionally intense color. It enhances human metabolism, increases respiration rate, and raises blood pressure.

Purple combines the calm stability of blue and the fierce energy of red. The color purple is often associated with royalty, nobility, luxury, power, and ambition. Purple also represents meanings of wealth, extravagance, creativity, wisdom, dignity, grandeur, devotion, peace, pride, mystery, independence, and magic.

**1**

**. Identity**

Who are you?

Intense,

active loyalty

Positive,

accessible reactions

Points-of-parity

and -difference

Deep, broad

brand awareness

**4**

**. Relationships**

What about you and me?

**Branding Objective at**

**Each Stage**

**Stages of Brand**

**Development**

**3**

**. Response**

What about you?

**. Meaning**

**2**

What are you?

**Resonance**

**Feelings**

**Judgments**

**Performance**

**Imagery**

**Salience**

**Resonance**

Loyalty

Attachment

Community

Engagement

**Judgments**

Quality

Credibility

Consideration

Superiority

**Feelings**

Warmth

Fun

Excitement

Security

Social Approval

Self-Respect

**Performance**

Primary Characteristics and

Secondary Features

Product Reliability,

Durability, and Serviceability

Service Effectiveness,

Efficiency, and Empathy

Style and Design

Price

**Imagery**

User Profiles

Purchase and Usage

Situations

Personality and

Values

History, Heritage,

and Experiences

**Salience**

Category Identification

Needs Satisfied

Product Promotion and Brand Management

* Ultimate goal of a Branding
  + Is to have your product to have ur brand name synonymous with the generic product
  + I.E. Kleenex
  + Rebranded itself for sneezing needs
* Strong brand
  + Has FOCUS
  + Be vigilant
  + Be relevant
  + And be different
* HAS THE PEOPLE’S TRUST
* Brand to differentiate themselves from competitor

Marketing

* Perspective
* Acceptability with a touch of exclusivity
* Club 33- waiting list of ten years 25,000 initiation fee- 10,000 a year
* Fans interacting with brand

Word of Mouth

* One to One recommendations

**All solutions cause different problems**

Coca cola was a strong enough brand to survive the mistake

TEXTBOOK

Brands and Brand Management

* Branding can dictate the survivability of a company
* What do people think about their names
* I.e. Pez has a distinctive brand element
* Symbol or shape that differentiates a brand
* Try to apply human characteristics to product and services

Brand

* Has dimensions that differentiate it in some way from other products designed to satisfy the same need

Product

* Anything available in the marker for use or consumption that may satisfy a need or want
* Core benefit, generic product, expected product, potential, augmented

Branding create perceived differences amongst products

Consumers

* Brand encompass all types of customers including individuals as well as organizations
* Identify the source of maker of the product
* Simplify product decisions

Firms

* Brands provide valuable functions
* Simplify product handling and tracing
* Help organizes goods

Anything can be branded

* Physical goods
* Services

Marketing is about values

Be clear about what you want them to know

Nike does not talk about their product of compare themselves to a competitor such as reebok

Brand

* is the total experience the customer has with ur company
* Everything u do is ur brand
* THEY ARE susceptible for weakness

Factors responsible for branding challenges

* Savvy customers
  + More educated population
* Economic downturns
* Brand proliferation
  + All solutions create different problems
* Media transformation
  + More abundance of channels
  + The brand has to fit the media
* Increased competition
* Increased costs
  + Branding is needed to lower these advertising costs
* Greater accountability
  + We hold companies accountable for their claims
* National pastime has changed
* Increasing job turner

Brand Equity

* Differences in outcomes arise from the added value endowed to a product
* The added value can be created for a brand in many different ways

Identifying and developing brand plans

* Brand positioning model
* Brand resonance model
* Brand value chain

Growing and sustaining brand equity

Identity and establish brand equity

HOW TO BRAND URSELF

1. VALUES
2. ATTITUDE
3. PASSION
4. PURPOSE
5. Six words

Logo

* Solidifies brand
* Be more memorable
* Establish more trust

Chapter 2

Define customer based equity

* Building equity as a bridge
* Approaches brand equity from the perspective of the consumer
* Stresses that the power of a brand lies in what resides in the minds and hearts of customers
* Differential effect that brand knowledge has on a consumer response to the marketing of the brand
* Branding is about emotions and thoughts
* **Be consistent and have a singular meaning your brand wants to convey**

**Advantage of strong brands**

* Improved perceptions of product performance
* Greater loyalty
* Less vulnerability to competitive marketing actions
* More inelastic consumer response to price increases
* More elastic consumer response rot price increases
* Greater trade cooperation and support
* Increased marketing communication effectiveness
* Brand extensions

Brand Equity as a bridge

* Reflection of the past, direction of the future

Consumer perception of the brand plays a key role in determining the worth of the brand

Brand equity offers guidance to interpret past marketing performance and design future marketing programs

Other factors that influence brand success and equity are

* Employees suppliers and channel members
* Media and government
* Word of Mouth is important

Brand Image

* Strength of Brand Association
  + How a person thinks about a product information and relates it to brand knowledge
* Favorability of brand associations
  + Is higher when brand possess relevant attributes and benefits that satisfy consumer needs and wants
* Uniqueness of brand associations
  + Unique selling proposition of the product
  + Provides brands with sustainable competitive advantage.
* Create brand equity
  + Create favorable consumer response
  + Create positive brand image through brand associations that are strong favorable and unique

Identifying and Establishing Brand positioning

* Target Market
* Nature of competition
* Points of Parity
  + Competitive advantage being Better, Faster, Cheaper
* Points of Difference
  + Ways when are different in branding approach
* Basic Concept of brand position
  + Act of designing the company's offer and image that it occupies a distinct and values place in the target customers minds
  + Finding the proper location in the minds of consumers
  + Allows consumers to think about brands in the right position
* Target Market
  + Groups that have similar needs and consumer behavior
  + identifiability , size, accessibility, responsiveness
  + Behavioural, demographic, psychographic, geographic
* Brand mantra
* Communicate with the consumer

If u have two brands of watch

Millennials are not a homogenous market

Branding has emotional benefits and relationship experience

And gives meaning

# MGT 105: Product Promotion & Brand Management

# October 23, 2017

Shopping Paper: brand with retail presences

-understand brand elements being discussed in class

**Color**

* Does It represent your brand’s best attributes?
* Orange 🡪 energy, determination, success, vitality
  + Why use orange in cafeterias? Stimulates appetite

**Brand Resonance (CH 3)**

* Emphasized customer: what is going on with the customer
* Build towards resonance, to the top of the pyramid

*Building a strong brand*

Four steps of brand building:

* Brand salience: It matters, relevant
* Brand performance & brand imagery
* Brand judgements & brand feelings
* Brand resonance: where you don’t have to say anything and you know its reliable (like Kleenex)

*Stages of brand development*

* customer is doing these things
* They identify, they find meaning, they respond, they decide relationship
* All this reliant of the customer
* How a brand evolves

*Branding objectives*

* Awareness
* POP & POD

\*\*Figure 3.2 *(Review)*

**Chapter 3: Brand Resonance**

* Customer-based brand equity pyramid
* Salience: all about identity, who are you?
  + Trying to get brand awareness
* Now that we’ve showed you who we are, what about you? How do you feel about the product?

*Brand Salience*

* Measures various aspects of the aspects of awareness of the brand:
  + To what extent is the brand top-of-mind and easily recalled
* Breadth and depth of awareness
* Product category Structure
* Strategic implications

*Brand Performances*

* Describe how you feel about the brand
* Meet customers’ more functional needs
* Rate on objective assessments of quality
* Product reliability, durability, and serviceability
* *Brand Salience:*

*Brand Judgements*

* Quality
* Credibility
* Consideration
* Superiority

*Brand Feelings*

* Emotional responses and reactions to the brand
* Relate to the social currency evoked

*Brand Resonance*

* Behavioral loyalty
* Attitudinal attachment
* Sense of community
* Active engagement

*Brand Building Implications*

* Customer’s own the brand
* Don’t take short cuts with brands
* Brands should have duality
* Brands should have richness: clarity
* Brand resonance provides important focus

*Brand Value Chain*

* Value stages & multipliers
* Figure 3.5

To Sum up…

*Implications of brand value chain*

* Target market awareness
* Value creation requires more than the initial marketing
* Once you have resonance, you must still work towards keeping it

***Personal Branding Video***

* Don’t be fake, be genuine
* Branding is based on authenticity
* Take a stand
* Don’t act before thinking
* Quality over quantity
* Slow, steady, & consistent approach
* Bring in right resources
  + What can I do for you? Even a small task
* Don’t make it all about you
* Don’t forget to measure
* Don’t forget relationships
  + send thank you card after interview, I do hope you’ll give me full consideration

***Personal Branding Video 2***

* Cover letter, resume, business card = make all consistent
* Networking: be active
* What will impress you?
* Always dress for success, you never have a second chance to make a first impression

***Career Distinction Video***

* Stand out
* Be your own boss
  + Manage your own career
  + Where do you want to go next?
* Forget the ladder
* Build your brand

MGT 105

October 30, 2017

The **7 P’s** of the Marketing Mix

1. Product
2. Price
3. Place
   1. Better. Faster. Cheaper.
4. Promotion
5. People
6. Process
   1. They don’t care about company’s details
7. Physical Evidence

Relationship Marketing

* fueled by loyalty programs

Wells Fargo

* Account scandal: bogus accounts
* Company built strong relationships 🡪too much pressure on sales force that it ruined their brand
* Senior management set cross-sell ratio

Shopper Loyalty Rewards Program

* 83% cheaper to keep a customer than find a new one
* Bed Bath & Beyond is good at this
* Started boom: Airlines
* Companies lose 20% of their new customers
* 80-20 Rule: 80% of profit comes from same customer base

Media Campaigns

* $300B on ads
* Newspaper used to be main before technology advancement
* NinjaCorp –target based on geography
* Newspaper: declined dramatically
  + Does not allow them to target specific segments of the market
* Stealth Marketing
* Evaluating Media
  + Reach

MGT 105

October 15th & 17th

* Brand Elements
  + Different components that identifies and differentiates a brand
    - Name, logo, symbol, package design
  + Can be based on people, places, things, and abstract images
* Brand
  + Has dimensions that differentiate it in some way from other products designed to satisfy the same need
    - Packaging, services provided, financing, warehousing
  + Create perceived differences among products
  + Develop loyal customer franchise
  + Create value that can translate to financial profits
* Product
  + Anything available in the market for use or consumption, that may satisfy a need or want
    - Care benefit level, generic product level, Expected product level
* Consumers
  + Encompass all types of customers, including individuals as well as organization
  + Function provided by brands to consumers
    - Identify the source or maker of the product
    - Simplify product decisions
    - Lower the search costs for products internally and externally
  + Signal product characteristics and attributes
  + Reduce risks in product decision
* Firms
  + Brands provide valuable functions
    - Simplify product handling and tracing
    - Help organizing inventory and accounting records
    - Offer the firm legal protection for unique features or aspects of the product
* Strong Brands
  + Brands that have been market leaders in their categories for decades
  + Any brand is vulnerable and susceptible to poor brand management

Is your brand helping or hurting your growth strategy

* Holding you back
* Brand doesn’t stand out
* Isn't clearly define
* 7-pts brand audit services (components of the audit)
  + Logo
  + Brand colors
  + Fonts and typography
  + Photos, videos, imagery
  + Brand personality
  + Brand positioning
* Perception of self = inside-out
* How other perceive you = outside-in

The new accountability.

* Conducting brand audits
* Brand inventory
* Brand exploratory
* Brand positioning and the supporting marketing program

Brand audits

* Comprehensive examination of a brand to discover its sources of brand equity
* Marketing audit: independent examination of a company's marketing environment, objective, strategies, and activities

Brand inventory

* Comprehensive profile of how all the products and services of a company

Brand exploratory

* Preliminary activities
* Interpreting quantitative research
* Conducting quantitative research

Focus group - do qualitative research

Quantitative research - involve number

& qualitative research - no involve number because the sample is too small

Qualitative research is always done before quantitative research

The best company always consistently doing their research

Brand positioning and the supporting marketing program

* Ideal brand positioning aims to

To sum up…

* The company view of brand equity should be formalized into a document
* The results of the tracking surveys should be assembled into a brand equity report
* Senior management must be assigned to oversee brand equity within the organization

Video

* Strong brand drive improved business performance

* Financial analysis (how much your CEO profits should be on the cost of a toothpaste - tricky question & hard to debate)
* Role of brand - done by market research
* Brand strength - diagnosis tool
* Brand value

Brand audit -- BMW auto 1916

Brand strategy

* Product differentiation
  + High quality
  + Iconic, emotional branding
  + New techniques
  + Enhance level of services

Recommendations

Produce 25%

Place 25%

Promotion 25%

Price 25%

Brand inventory

* M-power.com
* BMW.com
* "Efficient dynamics"
* BMW. Sheer driving pleasure

BRAND EXPLORATORY

* Primary research
  + 61% male & 39% female
  + 23.5% luxury
  + Prestige 31.4 %
  + Performance 27.5%
* Secondary research
  + Most powerful brand -- Forbe

Intro to personal branding - video

* Phone picture

Qualitative research techniques

Free associations

Projective techniques

Free associations

Powerful way to profile brand associations

Without any specific probe, consumer narrate

* What comes to their mind when they think about the brand or the associated product category

Help form a rough mental map for the brand

Indicate the relative strength, favorability, and uniqueness of brand associations

Types of projective techniques

Completion and interpretation tasks

Comparison tasks

Archetypes

Band personality and values

….

Qualitative research techniques ascertain consumers perceptions that are difficult to uncover

Disadvantage

Small sample size may not necessarily

Quantitative research techniques

* Brand awareness
* Brand image
* Brand responses
* Brand relationships

Brand awareness

* Recognition
* Recall
* Corrections for guessing

Brand relationships

* Characterized in terms of brand resonance and measures for following key dimensions
  + Behavioral loyalty
  + Attitudinal attachment
  + Sense of community
  + Active engagement

How many resume do we need to have / Resume

* One generic resume / unique
* Strongest information first
* You are making a decision for every type of words
* Never have a second chance to make the first impression

Video - Tai Tran / personal branding

* WHY
  + Tones (difference) // Voice - projecting their voice
* A personal brand is the Intersection and perception of the reality
* **How**
  + **Embrace** your personalities, diversities, and …
  + **Create** value for your audience and your network
  + **Grow** your relationship / is not about how many ppl you know, is about how well you knew them; how deep
* From zero to infinite

Video - how to start a personal brand / 5 elements

* Professional headshot
* LinkedIn profile
* Original story
* Elevator speech
* Signature piece / pitch

Elevator pitch

* Who are you / name (it is some nice to meet you)
* Little background / school & major & experience & previous job & current job
* Explain the context / explain above information
* Connection / you and the ppl are talking to
* Ask
* Close out

Rebranding yourself - video (branding approach)

* do this yourself at no cost
* Work out what you don’t like about yourself
* Who do you want to become (where are your passions)
* Change everything else (consistency is key; pitch, profile, etc. )
* Transition from the banking industry to north Cal took professor 18 months

Professor work in BOA to deal with how to introduce credit card to the world

* Make presentation
* Part of professor's brand
  + Went up to the ballroom (empty) / practice; talking to myself; getting myself into the mood
  + Self-talk - consistent of knowing what I'm gonna doing, over and over again
  + All you are going to do is do it again

Things need an attention:

Image' personal brand

Most importantly to bold my personal brand

The way your show up

The image

The first impression

Eye contact

Voice

Video

Brand is basically a promise

A brand always begin with your value -- responsibility; promise; teamwork;

Everything counts; everything can harm your brand

The laws of branding

* Specialization; have to be focused
* Leadership; knowledgeable in your field
* Personality; must be build around your personality
* Distinctiveness
* Visibility; be social, talk to ppl around
* Utility;
* Persistence; once you establish your brand, give it times to growth
* goodwill

Future thinking

Your leading attribute

Asking yourself what I can do to make me distinctive

Ppl who have their personal brand, there are hired faster, are promoted faster, work better

Measurement

Best metric to measure brand strength

Use metrics to measure brand strength from a consumer lens

* Awareness : if more ppl have heard of the brand \_\_ it must be stronger
* Penetration
* Likeability
* Tom and unaided awareness : if more ppl mention the brand first or without being prompted \_\_\_ it must be stronger
* Retention or loyalty : if more ppl return to buy the brand again \_\_ it must be stronger
* The strongest brand may not #1

The primary metric is to

* Value market share

See video

Brand-based comparative approaches

* Competitive brands used as benchmarks by consumers
  + Categpory leader or some other brand that consumer feel is representative of the category, like their most preferred brand
* Applications
* Critique

How the brand fixed and examine consumer response based on changes in the marketing

Conjoint analysis - video

* Ppl face easy vs easy choice everyday
* Four different variables
  + Type of food
  + Distance from your house
  + Typical cost per person
  + How much you think your partner like it

Lack of consistency in how they use the scale

Lack of Discrimination among items they rate

Straightlining

* Like scale
  + Is a research technique to measure how consumer response to the good and services

To sum up:

Methods sometimes defy common sense

Strength of the brand measures may be confounded with the strength of the company

Single measures of brand equity provide at best a one or two dimensional view of a brand

No single number or measure fully captures brand equity

Guideline for creating and measuring ROI from brand marketing activities

* Spend wisely
* Look for benchmark : examine competitive spending levels and historical data
* Be strategic
* be observant

How to assess brand value - video -- apple watch

Contribution to brand's revenue

How do ppl make choice - Price of the product or the quality of the product ?

Data validate investment in brand

Data shows you where to invest

"The value of the brand relate to how much money you are gonna pay" professor

Chapter 12 introducing and naming new products and brand extension

Brand extension history - video

* Ex, American red-cross selling radio; trump selling ties;
* 2 things make good brand extension
  + Logical & strategic
  + Good quality - lots of things made by third party, called license C, make sure keep good looking the quality
  + Jeep, seems like a logical extension
  + Harley … questionable brand extension

Brand extension scope - video

* Element of you brand extension
* It encompasses potential opportunities
* Be caution of your brand extension
* Be wary of over-extension (priority is to constraint them/ customers, employees…)
* "Major the one school - one the most successful brand extension" ex by professor
* Brand extension can be extremely valuable

Different types of brand extensions

Pros and cons

Pros - facilitates the new product acceptance

Cons - confuse or frustrate consumers

Extension contribute to parent brand equity

Define - when a firm used an established brand name to introduce a new product

* Line extension: new product are similar to the old one
* Category extension: new market or department

Product line vs. brand extension - video

Line extension

Benefit - more options for consumer & recognition

Brand extension:

Benefit - sell can increase & bring awareness to the brand by the new product & consumer can recognize the product by the brand name

Similarities

Use both line extension & brand extension/ category extension

Brand extension failures - video

Ex, "new coke"; beer brand - coolrs water - Ppl For Taste, social engagement, relax; life saver; Colgate -ppl refer to food; Bengay - aspirin; Fritalay - lemonade - expectation and reality conflict; perfume; BIG - underwear

How consumer Evaluate brand extension

* Managerial assumptions
* Brand extension and brand equity
* Vertical brand extension

Managerial assumptions

* Consumer have some awareness of and positive associations about the parent brand in memory
* At least some of these positive associations will be evoked by the brand extension
* Negative associations are not transferred from the parent brand
* Negative associations are not created by the brand extension

Evaluating brand extension opportunity

* Define
* Identify
* Evaluate

Brand extension occur when a firm uses an established brand name to introduce a new product

The extension's ability to establish its own equity will depend on

Salience of consumers association with the parent brand

How compelling and relevant is the evidence about the corresponding attribute

How strong consumer existing attribute for the parent brand

Rebranding - video

Sometime is not a good idea to keep your brand to your entire life / company

When to rebrand your business

* When your brand is trapped in the past
* When forced by circumstance
* When your brand is confusing
* When opportunities emerge

Professor rebranding stories - "one percent people who don’t apply their job opportunity, don’t get their job."

Rebranding your personal brand - you can't get it wrong; you are not get lock in anything

Brand name creation - video

300 million brands tody

How to create a good brand name

* Eponymous ; Disney ; Burberry ; tesla
* Acronymic ; KFC ; HSBC ; BP; GE
* Descriptive ; American airline
* Suggestive ; REAL- UBER ;COMPOSITE- FACEBOOK& RAYBAN; REAL- SLACK; INVENTED - KLEENEX
* ASSOCIATIVE; AMAZON; SIRIUSXM; RED BULL
* NON-ENGLISH; HULU; SEMSUNG; LEGO
* ABSTRACT; ROLAX

Best brand name don’t describe, they come to meaningful meaning - Apple

Alphabet is not a good brand name

Intro to brand naming -video

New product

* Identify you brand - "who am I?"
* What's in a brand?
  + Name
  + Logo - NIKE
  + GRAPHIC ELEMENTS
  + Slogan "JUST DO IT
  + LANGUAGE , TONE OF VOICE

WHY IS A STRONG BRAND IMPORTANT

WHAT IS A GOOD NAME?

* IS AVAILABLE FOR USE
* IS UNIQUE
* HAS THE RIGHT TONE FOR YOUR MARKET
* FIRS WITH YOUR BRAND
* IS CULTURALLY APPROPRIATE
* IS GENDER APPROPRIATE
* IS AGE APPROPRIATE

WHERE DO NAME COME FROM

* BOOTS - SAINSBURY'S - BOSCH
* ORANGE - SKY - SMILE

LINGUISTIC "FAILS"

SIRI - IN JAPANESE MEANS BUTTER

A LINGUISTIC CHECK

* PRONUNCIATION
* MEANING
* INTERPRETATION

CH13 - MANAGING BRAND OVER TIME

OLDEST RBAND - VIDEO

PIETRO - GUNS

RATHBORNES - CANDLES

SEANS BARS - BAR

PETER - RESTURARANT

KONGO GUMI- CONSTRUCTION COMPANIES

BRAND REINFORCEMENT

THE RANFE OF BRAND REVITALIZATION OPTIONS TO A COMPANY

LONG-TERM EFFECTS OF MARKETING ACTIONS ON BRAND EQUITY

* CONSUMER RESPONSE
* BRAND KNOWLEDGE
* CONSUMER RESPONSE TO FUTURE MARKET ACTIVITIES

REINFORCING BRANDS

* MAINTANING BRAND CONSISTENCY
* PROTECTING SOURCES OF BRAND EQUITY
* FORTIFYING VS LEVERAGING
* FINE-TUNING THE SUPPORTING MARKETING PROGRAM

PROTECRING SOURCE OF BRAND EQUITY

* UNLESS THE COMPANY MAKES THE STRATEIC POSITIONG OF THE BRAND LESS POWERFUL, THERE IS LITTLE NEED TO DECIATE FROM A SUCCESSFUL POSITIONING
* BRAND SHOULD ALWAYS LOOK FOR

FORTIFYING VS LEVERAGING

* WITHOUT ITS SOURCE OF RBAND EQUITY, ITS RBAND CANNOT

TO SUM UP

* REINFORCING BRAND EQUITY REQUIRES CONSISTENCY IN THE AMOUNT AND NATURE OF THE SIPPORING MARKETING PROGRAMS

REVITALIZING - VIDEO - RESURRECTING OLD BRAND

CRAKER JACK IS A ICONIC BRAND - EARLY 1900 - PLASTIC TOYS

Professor notes

Quickbook - build and manage a budget

Observe the respected; study the powerful. Use what you learn to build your unique Brand.

Chapter 1

Brand elements = Names, logos, symbols, package designs, and other characteristics that help identify and differentiate a brand

Five Levels of Meaning For A Product: **Core Benefit Level:** The fundamental need or want that consumers satisfy by consuming the product or service

**Generic Product Level:** Basic version of a product, containing only the features that are required for its functionality (stripped-down, no frills version)

**Expected Product Level:** The set of attributes or characteristics that buyers normally expect to see in a purchased product (assume it to be higher than the core benefit)

**Augmented Product Level:** Expected level + attributes/features that would distinguish the product from the other competition

**Potential Product Level:** The level that includes all the future transformations/improvements a product may go through

Search Goods = Goods where consumers can tangibly evaluate the quality of the product (i.e. grocery store goods)

Experience Goods = Goods that consumers can’t easily assess at the point of purchase w/o a product trial (i.e. car tires)

Credence Goods = Goods where consumers rarely know the product’s attributes in detail (i.e. insurance)

Types of Purchasing Risks **Functional Risk:** It doesn’t work/perform the way you want it to **Physical Risk:** Product poses a threat to physical well-being (aka the Samsung Effect) **Financial Risk:** Product is not worth the price paid **Social Risk:** Product causes embarrassment **Psychological Risk:** Product negatively affects the mental well-being of the user **Time Risk:** Failure of the product forces you to endure the opp. cost of finding an alternative product

4 Reasons for Increased Marketplace Competition

**Globalization (creates more competitors) Low-priced competitors (due to outsourcing + general market consolidations) Brand Extensions (more choice for consumers) Deregulation (for industries like telecommunications, financial services, healthcare, transportation)**

Brand Equity: The added value a brand brings to a product (a measurement of success with marketing strategies)

Strategic Brand Management (4 main steps)

Secondary Associations = The process of linking a brand to other entities such as countries/ regions, channels of distribution (retailers), or other brands (through co-branding)

Brand Portfolio = the set of different brands that a firm offers for sale to buyers in a particular category

Brand Hierarchy = displays the number and nature of common and distinctive brand components across the firm’s set of brands

Chapter 2

Customer-Based Brand Equity (CBBE) = the differential effect that brand knowledge has on a consumer’s response to marketing for a product tied to that brand

Brand Awareness = the consumer’s ability to identify a brand under different conditions Brand Image = consumer’s perception about a brand Brand Recognition = the ability for someone to recognize a brand when given a cue (the cue was advertised to them in a prior exposure)

Brand Recall = the ability of a consumer to remember your brand when thinking of the brand’s product category

3 Advantages of Brand Awareness **Learning Advantages:** It influences the formation and strength of associations that make up the brand image

**Consideration Advantages:** Increases the likelihood that your brand will be part of a customer’s consideration set at the point of purchase

**Choice Advantages:** Customer decisions sometime are made solely on brand familiarity (especially valuable for low-involvement decisions)

Causes of Low Involvement Product Decisions **Consumer Purchase Motivation:** When perceived differences between brands in a product category are minimal

**Consumer Purchase Ability:** When a product category is highly sophisticated so many consumers don’t have the right education to be able to understand points of difference (i.e. telecommunications plans). In this case, heuristics (mental shortcuts) are often used

Brand Attributes: Descriptive features that characterize a product/service Brand Benefits: The value customers attach to a product/service Brand Positioning: The act of designing a company’s offer/image so that it occupies a distinct and valued place in their target customer’s minds

Market: The set of all potential buyers who have sufficient interest, income, and access to purchasing your product

Market Segmentation: A division of your market into distinct groups of homogenous customers who have similar needs and consumer behavior

Behavioral Segmentation Bases (for toothpaste)

**Sensory = Seeking product flavor/appearance/aesthetics Sociables = Seeking brightness of teeth Worriers = Seeking to prevent tooth decay Independents = Looking for the lowest price**

4 Criteria for Target Market Decisions **Identifiability:** Can we easily/accurately identify everyone in this market **Size:** Is it big enough to be profitable **Accessibility:** How easily can we reach this segment (through distribution outlets, media) **Responsiveness:** How favorably will they respond to our marketing efforts

Indirect Competition: Competition that comes from competitors at the benefit level rather than the product level (i.e. discretionary purchases vs. the clothing industry)

Points of Difference: Attributes or benefits that consumers positively associate with a brand AND cannot find to the same extent with competing brands

Reasons to Believe (RTB): Tangible evidence that backs up your POD

Points of Parity (3 types) **Category POP:** Bare minimum features/attributes needed for a brand in a given product category

**Competitive POP:** Associations that negate competitor’s POD (psychological break even point) **Correlational POP:** Negative associations that arise from other positive associations for the

brand (i.e. inexpensive implies low quality)

3 ways to choose a POD: Desirability (determined by customers), Deliverability (determined by the company’s processes), and Differentiation (determined based on your competitors)

Straddle Positioning: When a company “straddles” between two diff. positioning strategies (with the goal of creating PODs against competition while also maintaining relevant POPs to negate competitor PODs)

Laddering: Deepening the meaning of the brand to promote future expansion Maslow’s Hierarchy of Needs (bottom to top): Physiological (food, water, shelter, sex), Safety and Security Needs (protection, order, stability), Social Needs (affection, friendship, belonging), Ego needs (prestige, status, self-respect), Self Actualization (self-fulfillment)

Means-End Chain of Deeper Branding: Attributes (product) lead to benefits (personal value and attached meaning) which lead to values (stable and enduring personal achievements/ motivations)

Brand Mantra: a short 3-5 word phrase that captures the core essence or spirit of the brand (i.e. Disney = Fun Family Entertainment , Nike = Authentic Athletic Performance) ^each word in that order is an Emotional Modifier, Descriptive Modifier, and Brand Function

Emotional Modifier = emotional appeal of the brand Descriptive Modifier = an additional clarifier to the brand function Brand Function = describes the experience/benefit the brand provides

Chapter 3 The Brand Resonance Model

Brand Building Blocks

Branding Ladder: Who are you? (brand identity) What are you? (brand meaning) What about you? What do I think about you? (brand response) What about you and me? (brand relationship <3)

Breadth vs. Depth: Depth of brand awareness is the likeliness of a brand element to come to mind (and the ease of doing so). Breadth is the range of purchase/usage situations in which a brand could come to mind

Product Category Structure (for beverages)

Brand Credibility: Measured in three dimensions... perceived expertise (competent, innovative, market leader) , trustworthiness (based on dependability/customer service), and likability (fun, interesting, worth spending time with)

Brand Feelings: A customers emotional response and reaction to a brand ^types of feelings: warmth, fun, excitement, security, social approval, self-respect

Transformational Advertising: advertising that aims to change a consumer’s perceptions over the actual usage experience of the product

Brand Resonance: The depth of your target consumer’s relationship and level of identification with your brand. This concept is measured through intensity (depth of connection) and activity (engagement, purchase frequency, extent to which customers seek out brand info, events, and other loyal customers).

Four types of categories to measure brand resonance: **Behavioral Loyalty =** purchase frequency + purchase volume **Attitudinal Attachment =** something they love and look forward to **Sense of Community =** people who buy the brand view it as a relevant commonality **Active Engagement =** Join brand fan clubs, receive updates, are brand ambassadors, etc.

The Brand Value Chain Model

The 5 A’s of the Customer Mindset = everything that exists in the minds of customers with respect to a brand

**Brand Awareness =** the extent to which a customer can recall and identify a brand **Brand Associations =** the memorable attributes of a brand **Brand Attitudes =** the customer’s evaluation of a brand’s quality and satisfaction potential **Brand Attachment =** the degree of loyalty a customer feels towards a brand **Brand Activity =** the frequency the customer uses a brand, refers it to others, seeks it out, etc.

Chapter 4 6 Criteria For Choosing Brand Elements

Morpheme: The smallest linguistic units that have meaning (i.e. man, non-, -able, etc.) Plosives: Words that begin with phonemic elements (like b, c, d, g, k, p, and t) Sibilants: Words that start with a soft “s” or “c” ^plosives sound harsher than sibilants, sibilants can give romantic/serene images bc of this softer sound

Logos: corporate names, trademarks, abstract designs, etc.

^symbols are non-word mark logos

Slogans = short phrases that communicate descriptive/persuasive info about a brand Jingles = musical messages written around a brand Brand Identity = The perceived awareness and image that cumulatively comes from all the brand elements discussed in the textbook

Chapter 5 Experiential Marketing (4 part scale)

Commodity Business = charging for stuff Goods Business = charging for tangible things Service Business = charging for intangible things Experience Business = charging for customers to spend time with your business

Sense Marketing = appeals to the 5 senses Feel marketing = appeals to customers inner feelings and emotions Think Marketing = appeals to intellect, problem-solving Act Marketing = appeals to physical behaviors/lifestyle/interactions Relate Marketing = appeals to the desire to be a part of a community

Relationship Marketing: Based on the premise that current customers are the key to long term success. The 3 types of relationship marketing are:

**Mass Customization =** allow individuals to customize their product at a competitive price **One-to-One Marketing =** Addressing customers as individuals (i.e. remembering their past purchases, reaching out for their birthdays, etc. via automation) **Permission Marketing =** marketing practice where consumers have to opt-in (often done from free samples/materials in exchange for this permission)

Perceived Quality = a customers perception of the overall quality or superiority of a product compared to competitors and wrt its intended purpose

Aftermarketing Programs (3 types) - Marketing activities that happen after a customer’s purchase

**User Manuals:** Consumer-friendly user manuals help improve product experience **Customer Service Programs:** Important for resolving product issues and selling complementary products/accessories

**Loyalty Programs:** Rewards for repeat business that usually come in special services, newsletters, premiums, discounts, or incentives

Price Bands: The range of acceptable prices that marketers can adopt within a given market

Value Pricing Strategy: a pricing strategy that seeks to maximize profit for the firm while also fully satisfying all the needs/wants of the customer

Yield Management Principles/Dynamic Pricing: A pricing scheme that allows a firm to set a range of prices for their product offerings with the goal of capturing customers in multiple price tiers

Forward Buying: When retailers order more product than they plan to sell during a promotional period so that they can sell the remaining inventory at full price after the promotion

Diverting: When a retailer sells discounted products to other retailers outside the designated selling area

Marketing Channels: Sets of interdependent organizations that make a product/service available for use and immediate consumption (i.e. retailers, wholesalers, distributors, etc.) Direct Channels: A channel where a sale is directly between the company and the customer (i.e. mail, phone, online, in-person visit)

Indirect Channels: A channel where a sale is made through an intermediary agency, such as a broker, wholesaler, retailer, or dealer

Push-Pull Marketing Strategy: **Pull Strategy:** when the manufacturer uses their buying power and influence to persuade retailers to “pull” the product through the channel

**Push Strategy:** when marketing devote selling efforts to the channel itself, offering them direct incentives for those intermediaries to stock your product for the end consumer (an attempt to “push” the product through to the end consumer)

^Push-pull strategy involves masterfully blending both strategies into your marketing efforts

Shopper Marketing: A strategy that emphasizes collaboration between manufacturers and retailers on in-store marketing practices (i.e. sampling promos, brand-building displays, etc.)

Branded Variants: Products in a brand that are not directly comparable to other items carrying the brand name due to a small modification between models (i.e. difference in design, features, color, etc.) ^only for durable and semi-durable goods

Chapter 6

Six Steps of Persuasion: Exposure, Attention, Comprehension, Yielding (favorable response), Intentions, Behavior

AIDCA (alternative to six steps): Attention, Interest, Desire, Conviction, Action

Advertising: Any paid form of non personal presentation and promotion of ideas, goods, or services by an identified sponsor

Message Strategy: The positioning of an ad (and what the ad attempts to convey about the brand)

Creative Strategy: The way the ad expresses its brand claims

Copy testing: When a sample of consumers are exposed to candidate ads and their reaction is gauged in some way (should be supplementary to final decision, not a determinant)

Direct Response: Nonspecific and non directive marketing efforts made via mail, telephone, internet, etc. to solicit a response from specific customers and prospects (i.e. junk mail ads)

Precision Marketing: Marketing efforts that combine data analytics with strategic messaging/ compelling designs

Place/Out-Of-Home Advertising: Ads that are placed outside of traditional media (i.e. billboards, bench ads, product placement, point-of purchase)

Sales Promotions: Short term incentives that encourage trial or usage of a product/service

Paid Media: All the various forms of traditional advertising media Owned Media: Media that brands can kind of control (i.e. their website, social media) Earned Media: When consumers themselves communicate about the brand (i.e. through social media)

^Successful digital marketing campaigns involve a blend of these three types of media

Event Marketing: Public sponsorship of events related to sports, art entertainment, or social causes

Supply-Side Method: A measurement approach for sponsorship activities that focuses on potential brand exposure **through the extent of media coverage (i.e. benefit of screen time relative to investment)**

Demand-Side Method: A measurement approach for sponsorship activities that focuses on potential brand exposure **through reported exposure from consumers (i.e. random surveys after the event to test recall)**

Geotargeting: When marketers send messages to consumers based on their location and the activities they are engaging in

Publicity: Nonpersonal communications such as press releases, media interviews, articles, films, etc.

Public Relations: Communications such as annual reports, fund-raising, membership drives, lobbying, special event management, and public affairs (i.e. responding to complaints)

Buzz Marketing: Marketing strategy that aims to gain traction through word-of-mouth referral (i.e. having social media influencers “discover” a product)

Integrated Marketing Communication Program (IMC) (6 C’s) **Coverage** (extent to which communications reach the designated target market)

**Contribution** (ability to create the desired consumer response w/o exposure to other communications)

**Commonality** (The extent to which common info conveyed by different communication options share meaning across those options)

**Complementarity** (the extent to which different associations and linkages are emphasized across communication options)

**Conformability** (The extent to which communications are robust and effective for different groups/types of consumers) **Cost:** Is the investment worth the marketing benefits

^IMC involves trade-offs (i.e. complementarity and commonality are often inversely related, as does conformability and complementarity)

Chapter 7

Commonality Leveraging Strategy: A strategy that is used when consumers have associations to another entity that are congruent with your brand (i.e. a sweater manufacturer associating itself with New Zealand bc they’re known for having more sheep than people)

Complementary Leveraging Strategy: A strategy that involves choosing an entity that shares few commonalities with current brand associations on purpose, in order to depart from the current brand image and redefine a brand’s positioning

^both strategies that involve associating your brand with another entity

Co-Branding: Known as a brand alliance, occurs when two or more brands are combined into a joint product or are marketed together in the same fashion

Ingredient Branding: A special case of co-branding that creates brand equity for materials, components, or parts that are integral to your branded product (Goal: to make that ingredient a POP for your product category)

Licensing: A contractual agreement where outside firms can use the names, logos, characters, and trademarks of a brand to market their own brand for a fixed fee

Corporate Trademark Licensing: The licensing of corporate trademarks for unrelated products (i.e. Harley Davidson licensing its name to gold rings, polo shirts, etc.)

Chapter 8

Indirect Approach: Assesses potential sources of customer-based brand equity by identifying and tracking consumers’ brand knowledge (thoughts, feelings, images, perceptions, beliefs linked to the brand)

Direct Approach: Assesses the actual impact of brand knowledge on consumer response to different aspects of the marketing program

Brand Equity Measurement System: A set of research procedures designed to provide marketers with timely, accurate, and actionable information about brands so they can make the best possible tactical decisions in the short run and strategic decisions in the long run.

Return of Marketing Investment (ROMI): A measure that determines the efficiency and effectiveness of every marketing dollar spent w/in a given campaign

Brand Audit (2 steps): A comprehensive examination of a brand to discover its sources of brand equity

Step 1 (Brand Inventory): Provides a current, comprehensive profile of how all the products and services sold by a company are marketed and branded (including names, logos, symbols, packaging, slogans, other trademarks, etc.)

Step 2 (Brand Exploratory): Research directed to understanding what consumers think and feel about the brand and act toward it in order to better understand sources of brand equity as well as any possible barriers

Marketing Audit (3 steps): A comprehensive, systematic, independent, and periodic examination of a company’s/business unit’s marketing environment, objectives, strategies, and activities with a view of determining problem areas and opportunities and recommending a plan of action to improve the company’s marketing performance.

Mental Map: A detailed portrayal of all salient brand associations and responses for a particular target market

Core Brand Associations: abstract associations (attributes/benefits) that characterize the 5-10 most important aspects or dimensions of a brand

4 Key Considerations for Ideal Brand Positioning

. 1)  what customers currently believe about the brand (and what they find credible)

. 2)  what customers will value in the brand

. 3)  what the firm is currently saying about the brand

. 4)  where the firm would like to take the brand

Brand Tracking Studies (3 types): Collect info from consumers on a routine basis over time, usually through quantitative measures of brand performance on a number of key dimensions that marketers can identify in the brand audit or other means

Type 1 (Product-Branding): Tracking an individual branded product (tracking recall/recognition going from broad questions to specific ones)

Type 2 (Corporate/Family Brand Tracking): Separate or concurrent tracking of the family brand w/individual products (done to find what products are most influential relationally to the brand OR what products the brand generally reminds consumers of)

Type 3 (Global Tracking): Used to put your brand in the right perspective

Brand Equity Management System (3 steps): A set of organizational processes designed to improve the understanding and use of the brand equity concept within a firm. 3 major steps help implement this system: Brand charters, brand equity reports, and defining brand quiet responsibilities

Brand Charter (step 1): Provides relevant guidelines to marketing managers within the company as well as to key marketing partners outside the company such as marketing research suppliers or ad agency staff (formalizes the company’s view on brand equity)

Marketing Dashboard: Provides comprehensive but actionable summaries of brand-related information (shows data from a variety of sources such as brand tracking, CRM programs, tradeshows, media reports, web logs, etc.) — all this stuff updated regularly

Chapter 9

Qualitative Research Techniques: Used to identify possible brand associations and sources of brand equity (unstructured, used as a first step to exploring consumer brand and product perceptions)

Free Association Tasks: Task where subjects are asked what comes to mind when they think of the brand

Projective Techniques: Diagnostic tools to uncover the true opinions/feelings of consumers when they are unwilling or otherwise unable to express themselves on these matters (ambiguous stimulus, subjects fill in the blanks)

Rorschach Test: Ink blot interpretation test to infer consumer perceptions and shit

Bubble Exercises: Filling in bubbles in cartoon scenes that represent thoughts, words, or actions

Comparison Tasks: “If Dannon yogurt were a car/animal/some other category, which one would it be?”

Archetypes: A fundamental psychological association, shared by the members of the culture, with a given cultural object (diff. cultures = diff. archtypes, cheese is “alive” in France but “dead” in the US)

Zaltman Metaphor Elicitation Technique (ZMET study): based on a belief that consumers often have subconscious motives for their purchasing behavior. This technique is meant to elicit interconnected constructs that influence thought and behavior (mostly occurring on the sub- perceptual level). It’s a guided 1-on-1 two hour interview that explores images in order to reveal the participant’s deep ideas, archetypes, themes, and emotions

Neuromarketing: Study of how the brain responds to marketing stimuli, including brands (still controversial)

5 Factors of Brand Personality (change based on culture)

. 1)  Sincerity (down to earth, honest, wholesome, cheerful)

. 2)  Excitement (daring, spirited, imaginative, up-to-date)

. 3)  Competence (reliable, intelligent, successful)

. 4)  Sophistication (upper class, charming)

. 5)  Ruggedness (outdoorsy, tough)

Quantitative Research: Research with scaled questions that allow researchers to draw numerical representations and summaries of marketing data.

Brand Recognition: Requires consumers to identify a brand under a variety of circumstances and can rest on the identification of any of the brand elements. (most basic example: subject given set of individual items, asked to answer if they’ve previously heard of this item with a yes or no response)

Brand Recall: A task that requires consumers to retrieve the actual brand name/element from memory when given some related probe or cue

Aided Brand Recall: Use of a variety of cue types to help consumer recall (product class, category, type labels, etc.)

Unaided Brand Recall: Recall from a choice of all brands in existence (really only used to identify the strongest brands in a category)

Beliefs: Descriptive thoughts that a person holds about something (i.e. a particular software package has many helpful features/is easy to use)

Brand Association Beliefs: The specific attributes and benefits linked to the brand and its competitors

3 Sources of Brand Equity: Strengths, Favorability, Uniqueness

Multidimensional Scaling (think Markstrat): A graphical procedure for determining the perceived relative images of a set of objects, such as products or brands (a comparison tool for customer perceptions between competing products)

Net Promoter Score = Likeliness to Recommend to a friend (scale of 0-10)

2 Measures of Attitudinal Attachment (examples below illustrate extreme measurements)

1. Brand Self-Connection: Personally connected to the brand, a part of you and who you are

2. Brand Prominence: Automatic thoughts/feelings on a brand, coming naturally and instantly

**Social Currency**

Brand Relationship Quality (BRQ): A multi-faceted concept used to define a brand’s strengths in terms of the strength, depth, and durability of the consumer-brand relational bond

6 Main Facets of BRQ:

. 1)  Interdependence: Degree of a product’s involvement in your life (both frequency and  psychological longing for the product

. 2)  Self-concept connection: How the brand delivers on important identity concerns, tasks, or themes (helps express a significant part of your self-concept)

. 3)  Commitment: Faithfulness/loyalty to the brand

. 4)  Love/Passion: Affinity toward/adoration of a brand, at an extreme believing the brand is irreplaceable and uniquely qualified for you

. 5)  Intimacy: Consumer develops deep knowledge of brand + also believes the brand views him/her as an individual

6) Partner Quality: Overall judgment of relationship (customer feels cared for, product is reliable, dependable, predictable, there’s a trust that things will stay like this)

Chapter 10

Comparative Methods: Research studies or experiments that examine consumer attitudes and behavior toward a brand to directly estimate specific benefits arising from having a high level of awareness and strong, favorable, and unique brand associations

Brand-Based Comparative Approaches: One group responds to an element of a marketing program/activity when it is attributed to the target brand, while another group responds to the same element/activity when it is attributed to a competitor/non-existent brand. (experiment holding marketing process fix, with brand equity alone being measured)

Marketing-Based Comparative Approaches: Hold the target brand fixed, testing the effectiveness of various elements in a marketing program/activity

Exemplar: A brand that consumers feel is representative of a product category, likely to be their most preferred brand

Conjoint Analysis: A survey-based multivariate technique that enables marketers to profile the consumer decision process with respect to products and brands (used to determine trade-offs that consumers make between various brand attributes) — done by asking consumers to choose between a number of carefully designed product profiles

Part Worth: The statistical value consumers attach to each attribute level of a product (derived through the conjoint formula)

Holistic Methods: Place an overall value on the brand in either abstract utility terms or concrete financial terms

Residual Approach: Examines the value of the brand by subtracting consumer preferences for the brand — based on physical product attributes alone — from their overall brand preferences (it’s what remains of consumer preferences after you subtract the effects of the physical product attributes)

Valuation Approach: Places a financial value on brand equity for accounting purposes, mergers and acquisitions, etc.

Equalization Price: The price that equates the utility of a brand to the utilities that could be attributed to a brand in the category where no brand differentiation occurred (can be considered as a proxy for brand equity)

Attribute Perception Bias Component: The component of brand equity that is the difference between subjectively perceived attribute values and objectively measured attribute values. Objective measurements in this component come from independent testing services/consumer reports/experts in the field

Nonattribute Preference Component: The component of brand equity that is the difference between subjectively perceived attribute values and overall preference. It reflects the consumer’s overall appraisal of a brand that goes beyond the utility of individual product attributes.

Tangible Assets: PP&E, current assets (inventory, marketable securities, cash), stock/bond investments

Intangible Assets: Any factors of production or specialized resources that permit the company to earn cash flows in excess of the return on tangible assets (patents, trademarks, licensing agreements — all of these generally lumped under the heading of goodwill)

Goodwill: In an acquisition, goodwill often includes a premium paid to gain control, which can exceed the value of tangible/intangible assets of the firm (exact practices for goodwill depend on the country)

3 Approaches for Brand Valuation:

. 1)  Cost Approach — The amount of money required to reproduce or replace the brand  (including all costs for R/D, test marketing, advertising, etc.)

. 2)  Market Approach — The present value of the future economic benefits to be derived by the  owner of the asset (the amount an active market would allow so that the asset would exchange between a willing buyer and seller). The lack of transactions in this field and the uniqueness of brands make this process inconsistent/problematic

. 3)  Income Approach — The discounted future cash flow from the future earnings stream from the brand. This includes capitalizing on brand royalty earnings, premium profits (when compared to similar unbranded products), and the actual profitability of a brand after tax/ brand maintenance

Interbrand’s Brand Valuation Process (3 Components):

. 1)  Brand Financial Performance — Reflects an organization’s raw financial return (analyzed as  economic profit)

. 2)  Role of Brand — Measures the portion of the customer decision to purchase that is  attributable to the brand (used as a percentage multiple to the firm’s economic profit)

. 3)  Brand Strength — Measures the ability of the brand to secure the delivery of expected future  earnings (measured from a scale of 0-100, usually judged relative to other brands in the industry)

Strategic Brand Management Chapter 4

1.aesthetics strategy: the strategic planning and implementation of identity elements that provide sensory experiences and aesthetic gratification to the organization's multiple constituents

2. blurring: the use of an existing mark by a different company in a different category alters the unique and distinctive significance of the mark

3. brand elements: brand identities; trademarkable devices that serve to identify and differentiate the brand

4. brand identity: the contribution of all brand elements to awareness and image

5. cybersquatting: when an unaffiliated party purchases an Internet domain consisting of the mark or name of a company for the purpose or relinquishing the right to that domain name to the legitimate owner for a price

6. domain names: URLs

7. jingles: musical messages written around the brand

8. logos: visual elements that indicate origin, ownership, or association

9. marketing aesthetics: the marketing of sensory experiences in corporate or brand output that contributes to the organization's or brand's identity

10. morpheme: smallest linguistic unit having meaning 11. packaging: the activities of designing and producing containers

or wrappers for a product

12. plosives: harsher, more direct sounds of letters, make names more specific and less abstract, and are to be more easily recognized and recalled

13. secondary meaning: mark gaining a meaning other than the older (primary) meaning

14. sibilants: softer sound, conjure up romantic, serene images and are often found in the name of products

15. slogans: short phases that communicate descriptive or persuasive information about the brand

16. style: distinctive quality or form, a manner of expression

17. symbols: non word mark logos

18. tarnishment: when a different company employs the mark in order to degrade its quality, such as in the context of a parody or satire

19. themes: content, meaning, and projected image of an identity that provide customers with mental anchors and reference points to put an organization in a wider context and to distinguish its position

20. trademark appropriation: developing area of state law that can severely curtain even those brand strategies that do not confuse consumers

21. trademark dilution: weakening or reduction in the ability of a mark to clearly and unmistakable distinguish the source

22. trademark strategy: trademark planning, implementation, and control

23. URLs (Uniform Resource Locators): locations of pages on the Web

Strategic Brand Management: Chapter 6

1. 2 key steps for IMC choice criteria to provide guidance in designing integrated marketing communication programs: 1. Evaluating communication options 2. Establishing priorities and trade-offs

2. 2 possible means of achieving this dual communication ability: Multiple information provision strategy Broad information provision strategy

3. 2 types of conformability?: Communication Consumer

4. 3 advantages to Internet advertising: - It's accountable / trackable

- It's nondisruptive - It's highly targetable

5. 3 crucial online brand building tools: - Websites - Online ads and videos - Social media

6. 3 step model for judging the effectiveness of advertising or any communication option to build brand equity: 1. Current brand knowledge 2. Communication

3. Desired brand knowledge

7. 3 tradeoffs with IMC choice criteria: 1. Commonality and complementarity will often be inversely related 2. Conformability and complementarity will also often be inversely related

3. Commonality and conformability do not share an obvious relationships

8. 3 ways to define positioning to establish brand equity: 1. Competitive frame of reference (nature of competition, target market) 2. Point-of-parity attributes or benefits (category, competitive, correlational)

3. Point-of-difference attributes or benefits (desirable, deliverable, differentiating)

9. 3 ways to identify creative strategy to communicate a positioning concept: 1. Informational (problem-solution, demonstration, product comparison, testimonial) 2. Transformational (typical or aspirational usage situation, typical or aspirational user of product, brand personality and values) 3. Motivational (humor, warmth, sex appeal, music, fear, special effects)

10. 4 factors that make an effective radio ad?:

1. Identify your brand early in the commercial 2. Identify it often 3. Promise the listener a benefit early in the commercial 4. Repeat it often

11. 4 major marketing communication options: 1. Advertising and promotions 2. Interactive marketing 3. Events and experience 4. Mobile marketing

12. 4 ways marketing communications can contribute to brand equity: - Creating awareness of the brand - Linking points of parity and points of difference associations to the brand in consumers' memory - Eliciting positive brand judgments or feelings - Facilitating a stronger consumer-brand connection and brand resonance

13. The 6 C's of an Integrated Marketing Communication (IMC) Program: 1. Coverage 2. Contribution 3. Commonality

4. Complementarity 5. Conformability 6. Cost

14. 6 key options for marketing on social media: - Message boards and forums - Chat rooms - Blogs

- Facebook - Twitter - YouTube

15. 6 steps for a person to be persuaded by any form of communication: 1. Exposure (see or hear the communication) 2. Attention (notice the communication) 3. Comprehension (understand the intended message) 4. Yielding (respond favorably to intended message) 5. Intentions (plan to act in the desired manner) 6. Behavior (actually act in the desired manner)

16. 8 reasons marketers sponsor events: 1. To identify with a particular target market or lifestyle 2. To increase awareness of the company or product name 3. To create or reinforce consumer perceptions of key brand image associations 4. To enhance corporate image dimensions 5. To create experiences and evoke feelings 6. To express commitment to the community or on social issues 7. To entertain key clients or reward key employees 8. To permit merchandising or promotional opportunities

17. 12 marketing communications options: - Media advertising - Direct response advertising - Place advertising - Point of purchase advertising

- Trade promotions - Consumer promotions - Interactive - Event marketing and sponsorship - Mobile - Publicity and PR - Word of mouth - Personal selling

Midterm questions:

1. Strategic brand management encompasses the design and implementation of marketing programs and activities to build, measure, and manage brand equity. True

2. Which of the following, according to our textbook, is not a “level of meaning for a product”? Exceptional product level

3. A product’s (or service’s) name, logo, or package design are examples of “brand elements”. True

4. One of the most successful brands in history, produced by Kimberly-Clark, is… Kleenex

5. The author of your textbook, ironically, never studied marketing. False

6. Current challenges to Brand Managers are… All of the above (savvy customers, maturing markets, fragmented media coverage, eroding traditional media effectiveness)

7. Brands cannot provide legal protection for unique features of a product. False

8. In 2015. Volkswagen seriously damaged its brand reputation by which of the following? Using software to ensure diesel VWs passed auto emissions tests

9. A market segment is the set of all actual and potential buyers who have sufficient interest in, income for, and access to a product. False (it should be target market)

10. All below are marketing advantages of strong brands except… Fewer brand extension opportunities

11. From the “history of Branding” video in class, all of the following factors were true in the mid-1900s except… Limited experimentation with portable phone advertising

12. An attribute or benefit that consumers strongly associate with a brand and believe that they could not find to the same extent with a competitive brand is called a point-of attraction. False (should be points-of-difference)

13. An act of designing the company’s offer and image so that it occupies a distinct and valued place in the target customers’ mind is called brand positioning. True

14. “Marketing is about attributes”, declared Steve Jobs. False

15. Which of the following is not a step in building a brand? Brand loyalty

16. Perceptions of quality, superiority, and credibility are all brand judgements. True

17. Which of the following are relevant factors in building your own personal brand? All of the above (values, attitude, passion, future plans)

18. When the textbook refers to brand duality, it means a brand appeals to “both the head and the heart” True

19. All of the following are brand building blocks except… Competition

20. Amazon’s logo has a hidden meaning. True

21. One of the criteria for selecting a brand element is “protectability” True

22. Colonel Sanders is a brand element for KFC and is a brand elemnt primarily known as a … Character

23. The use of humor in advertisements ensures brand name recognition. False

24. URL refers to… Uniform resource locator

25. A phrase that communicates descriptive or persuasive information about a brand is called a… Slogan

26. One of the oldest brands failing recently was the investment banking firm… Lehman Brothers

27. Relationship marketing refers to companies like Match.com. False

28. A “frequent flyer” incentive plan is called a … Loyalty program

29. The practice of marketing to consumers only after gaining their express consent is called permission marketing. True

30. When building your personal brand, which statement below is true? Making quality contacts during networking is more important than the quantity of contacts you make.

31. In branding, channels refer to… Methods for making products available to consumers

32. In marketing, multiple communications to target markets should be avoided to save money. False

33. It is always unwise to disclosure the “country of origin” from which a product originates. False

34. Samples, coupons, and premiums are forms of consumer promotions. True

35. If a casino in Las Vegas wanted to improve its brand by conveying optimism, relaxation, and luck, they should use which color? Green

36. One definition of advertising is any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. True

37. Efforts made to engages consumers and the public via word-of-mouth and public relations are called… Brand amplifiers

38. Co-branding is a form of brand alliance. True

39. A contract that enables a company to legally use the name or logo of another company’s brand is called… Licensing

40. According to the professor, the primary purpose of all advertising is brand name recognition. False

41. According to professor, one should begin developing their “personal brand” shortly after their first job, while memories are fresh. False

42. An example used in class to illustrate how a company uses color as a major brand element was from an article in “Money” magazine about a seafront hotel.

43. Review in class, a major company who recently lost a trademark lawsuit was McDonalds.

44. In developing a brand, if you want to convey authority, power, and the truth via color, use blue. True

45. In class, one of the automobile companies that illustrated how to severely damage a firm’s brand was Volkswagen. True

46. UCSD has a formal brand identity Guidelines manual. True.

47. The title of movie showing how brand management can pertain in politics was our brand is Crisis.

48. The ongoing battle between Coca-Cola and Pepsi is known as the cola wars. True

49. In 1985, Coca-Cola almost destroyed its own brand by Changing from its original formula.

50. The Apple vs Samsung TV commercial was shown in class to demonstrate its excellent brand name recognition. False

51. One brand that was destroyed, in part, by terrorism was Pan American Airlines.

52. Competing brands sometimes develop rivalries. True.

53. The Borrowing Brand Equity Video demonstrated how Apple and Nike partake in strategic marketing. True

54. In the Subdimensions of brand building blocks, teams such as security, excitement, and self-respect are examples of Feelings.

55. Use the color red if the brand wants to convey an imagine of royalty. False

56. One context for an individuals’ brand mantra is their Elevator Speech.

57. The primary goal of achieving brand resonance is loyalty. True

58. All below are components of the brand value chain except social responsibility.

59. The selection of advertising media is a marketing choice, but the selected media itself does not affect the brand’s image. False.

60. All below are factors in choosing a brand element except Colorful.

61. The professor’s brand mantra when he was a turnaround specialist was, I find the money. False

**62. Last review**: Learn how to negotiate. (put on your C.A.P.) courtesy, assertiveness, persistence.

**63. Last review**: Then practice negotiation salary and benefits.

**64. Last review**: Pay yourself first each payday.

65. Last Review: keep good records for taxes and product warranties担保.

66. Last Review: Build and manage a budget.

67. Last Review: Dress for Success.

68. Last Review: Observe the Respected, study the powerful. Use what you learn to build your unique brand.

Red color: powerful, energetic, strong, attention getting, aggressive, hungry

Yellow: cheerful, playful, logical, challenging, shows clarity