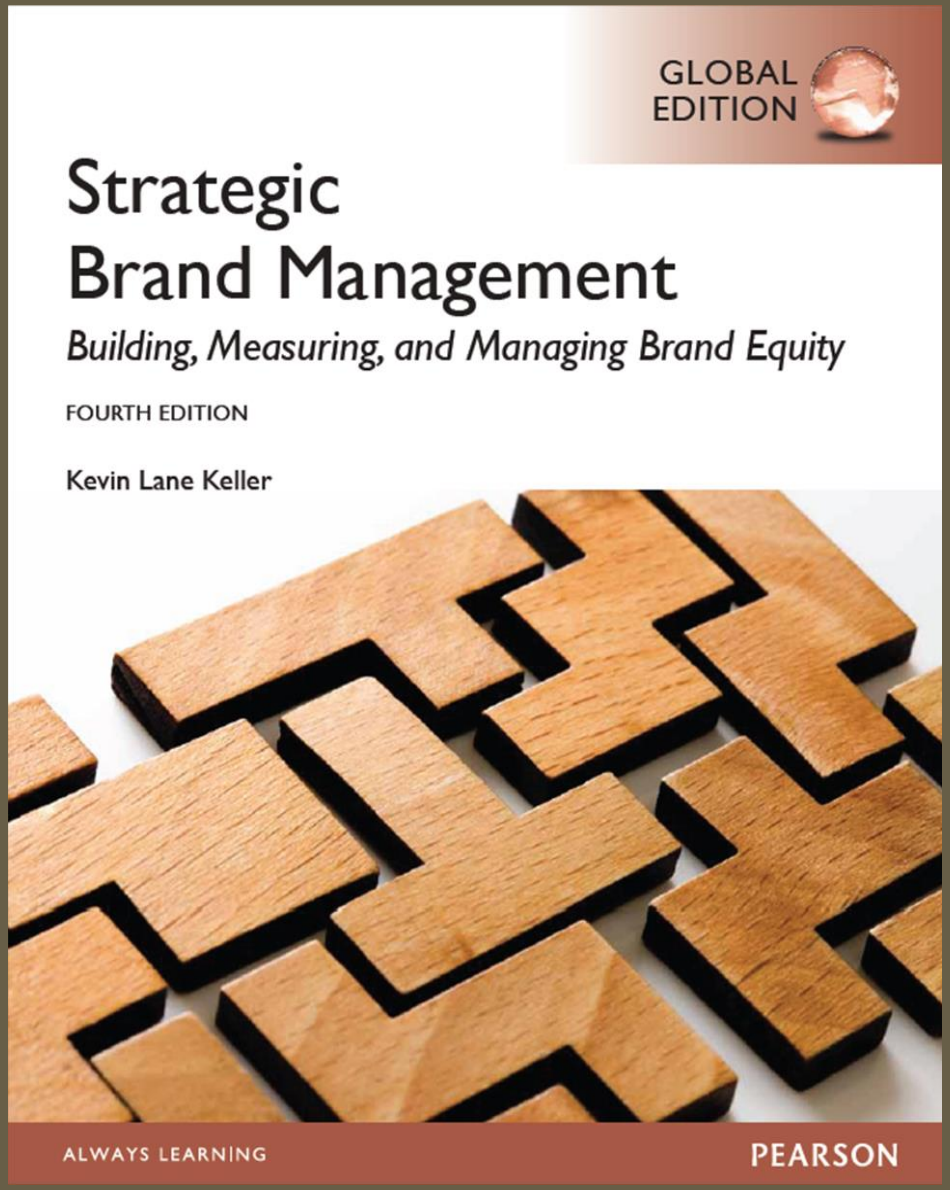

CHAPTER 1: BRANDS AND BRAND MANAGEMENT

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Learning Objectives

- Define “brand,” state how brand differs from a product, and explain what brand equity is
- Summarize why brands are important
- Explain how branding applies to virtually everything
- Describe the main branding challenges and opportunities
- Identify the steps in the strategic brand management process

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What is a Brand?

Brand Elements

Brands versus Products

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Brand Elements

- Different components that identifies and differentiates a brand
  - Name, logo, symbol, package design, or other characteristic
- Can be based on people, places, things, and abstract images

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Brand versus Product

Brand	Product
Has dimensions that differentiate it in some way from other products designed to satisfy the same need	Anything available in the market for use or consumption, that may satisfy a need or want
Can be differentiated on the basis of: • Packaging • Services provided • Customer advice • Financing • Delivery arrangements • Warehousing • Other things valued by the customers	Can be categorized into five levels namely: • Core benefit level • Generic product level • Expected product level • Augmented product level • Potential product level

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To Sum Up ....

- Through branding, organizations:
  - Create perceived differences amongst products
  - Develop loyal customer franchise
  - Create value that can translate to financial profits

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Why Do Brands Matter?

Consumers

Firms

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Consumers

- Encompass all types of customers, including individuals as well as organizations
- Functions 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
  - Helps set reasonable expectations about what consumers may not know about the brand

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Consumers

- Signal product characteristics and attributes
  - On the basis of attributes products can be classified as:
    - Search goods
    - Experience goods
    - Credence goods
- Reduce risks in product decision
  - These risk can be categorised as
    - Functional ,physical, financial, social psychological, and time

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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
  - Provide predictability and security of demand for the firm and creates barriers of entry for competitors
  - Provide a powerful means to secure competitive advantage

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Figure 1.3 - 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

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Can Anything Be Branded

Physical Goods

Services

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Physical Goods

- Business-to-Business Products
- High-tech Products

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Services

Role of Branding with Services

Professional Services

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Can Anything Be Branded

- Retailers and Distributors
- Online Products and Services
- People and Organizations

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Role of Branding

- Sports , Arts, and Entertainment
- Geographic Locations
- Ideas and Causes

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To Sum up....

- Branding is universal and pervasive in different product categories
- Applicable to both tangible and intangible offerings of an organization
- Technological developments have impacted the way firms market their offerings
- Organizations reap financial benefits from positive brand images

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Strong Brands

- Brands that have been market leaders in their categories for decades
- Any brand is vulnerable and susceptible to poor brand management

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Factors Responsible for Branding Challenges

- Savvy customers
- Economic downturns
- Brand proliferation
- Media transformation

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Factors Responsible for Branding Challenges

- Increased Competition
- Increased costs
- Greater accountability

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Figure 1.9- 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

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Brand Equity

- Principles of branding and 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
  - 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 exploited to benefit the firm

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Strategic Brand Management Process

- Identifying and Developing Brand Plans
- Designing and Implementing Brand Marketing Programs
- Measuring and Interpreting Brand Performance
- Growing and Sustaining Brand Equity

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Identifying and Developing Brand Plans

- Brand Positioning Model
- Brand Resonance Model
- Brand Value Chain

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Designing and implementing Brand Marketing Program

Choosing Brand Elements

Integrating the Brand into Marketing Activities and the Supporting Marketing Program

Leveraging Secondary Associations

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Measuring and Interpreting Brand Performance

- To manage brands profitably, managers must d implement a brand equity measurement system
- Brand equity measurement system involves:
  - Brand audits
  - Brand tracking studies
  - Brand equity management system

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Growing and Sustaining Brand Equity

- Defining Brand Architecture
- Managing Brand Equity over Time
- Managing Brand Equity over Geographic Boundaries, Cultures, and Market Segments

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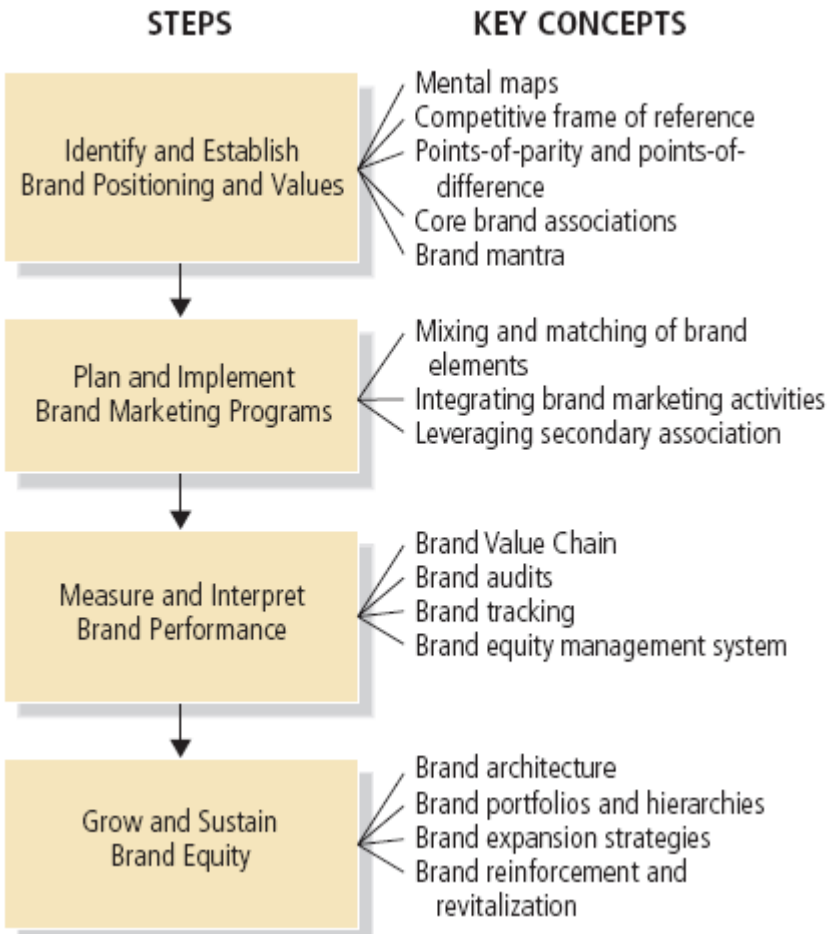
Figure 1.12 - Strategic Brand Management Process



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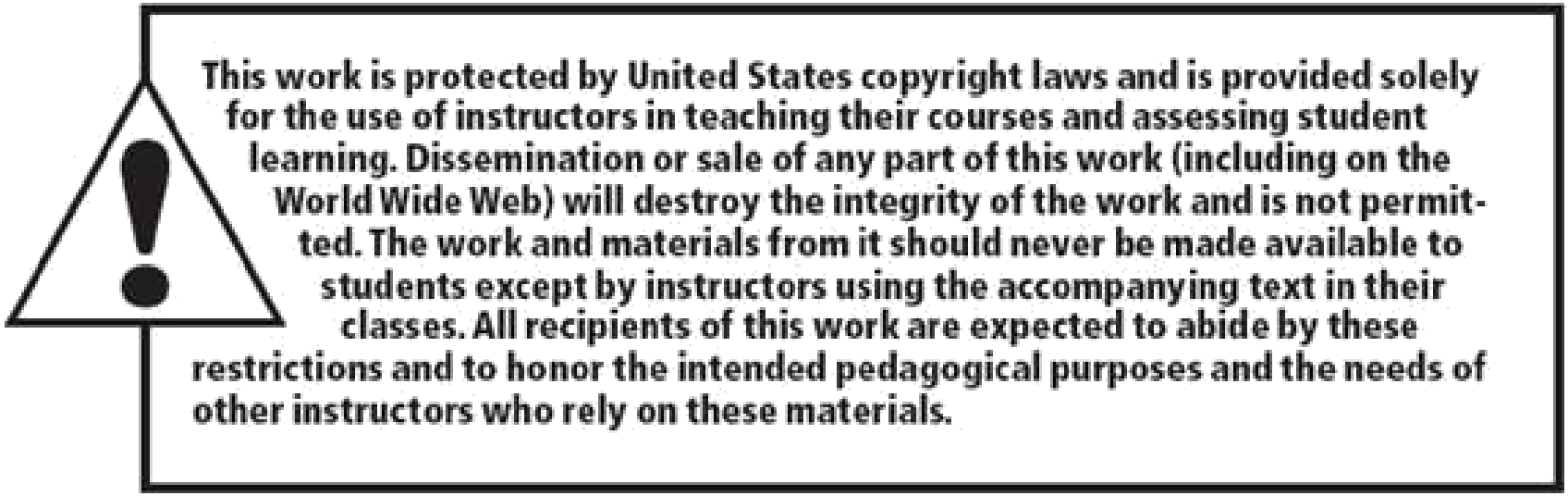

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