

Building, Measuring, and Managing
Brand Equity
Fourth Edition



Kevin Lane Keller

CHAPTER 5: DESIGNING MARKETING PROGRAMS TO BUILD BRAND EQUITY

Learning Objectives

- Identify some of the new perspectives and developments in marketing
- Describe how marketers enhance product experience
- Explain the rationale for value pricing
- List some of the direct and indirect channel options
- Summarize the reasons for the growth in private labels

New Perspectives on Marketing

- As firms are dealing with enormous shifts in their external marketing environments:
 - ▣ The marketing strategies and tactics have changed dramatically

New Approaches Embraced by Marketers

- ❑ 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

Figure 5.1 - 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

Personalizing Marketing

Reconciling the Different
Marketing Approaches

Personalizing Marketing



Figure 5.2 - Brand Experience Scale

<i>SENSORY</i>	<p>This brand makes a strong impression on my visual sense or other senses.</p> <p>I find this brand interesting in a sensory way.</p> <p>This brand does not appeal to my sense.</p>
<i>AFFECTIVE</i>	<p>This brand induces feelings and sentiments.</p> <p>I do not have strong emotions for this brand.</p> <p>This brand is an emotional brand.</p>
<i>BEHAVIORAL</i>	<p>I engage in physical actions and behaviors when I use this brand.</p> <p>This brand results in bodily experiences.</p> <p>This brand is not action oriented.</p>
<i>INTELLECTUAL</i>	<p>I engage in a lot of thinking when I encounter this brand.</p> <p>This brand does not make me think.</p> <p>This brand stimulates my curiosity and problem solving.</p>

Relationship Marketing

Mass Customization

One-to-One Marketing

Permission Marketing

Reconciling the Different Marketing Approaches

- Mass customization and one-to-one and permission marketing are:
 - ▣ Potentially effective means of getting consumers more actively engaged with a brand
- According to customer-based brand equity (CBBE) model:
 - ▣ Different approaches emphasize different aspects of brand equity

Reconciling the Different Marketing Approaches

- The four approaches can build stronger consumer—brand bonds
- Firms must still devise product, pricing, and distribution strategies as part of their marketing programs

To Sum Up..

- Implication of the new approaches:
 - The traditional “marketing mix” concept and the notion of the “4 Ps” of marketing may not fully describe modern marketing programs
 - Firms must still devise product, pricing, and distribution strategies as part of their marketing programs

Product Strategy

Perceived
Quality

Aftermarketing

Aftermarketing



To Sum Up..

- The product is at the heart of brand equity
- Product strategy entails choosing:
 - Tangible and intangible benefits the product will embody
 - Marketing activities that consumers desire and the marketing program can deliver

Pricing Strategy

Consumer Price
Perceptions

Setting Prices to
Build Brand Equity

Setting Prices to Build Brand Equity

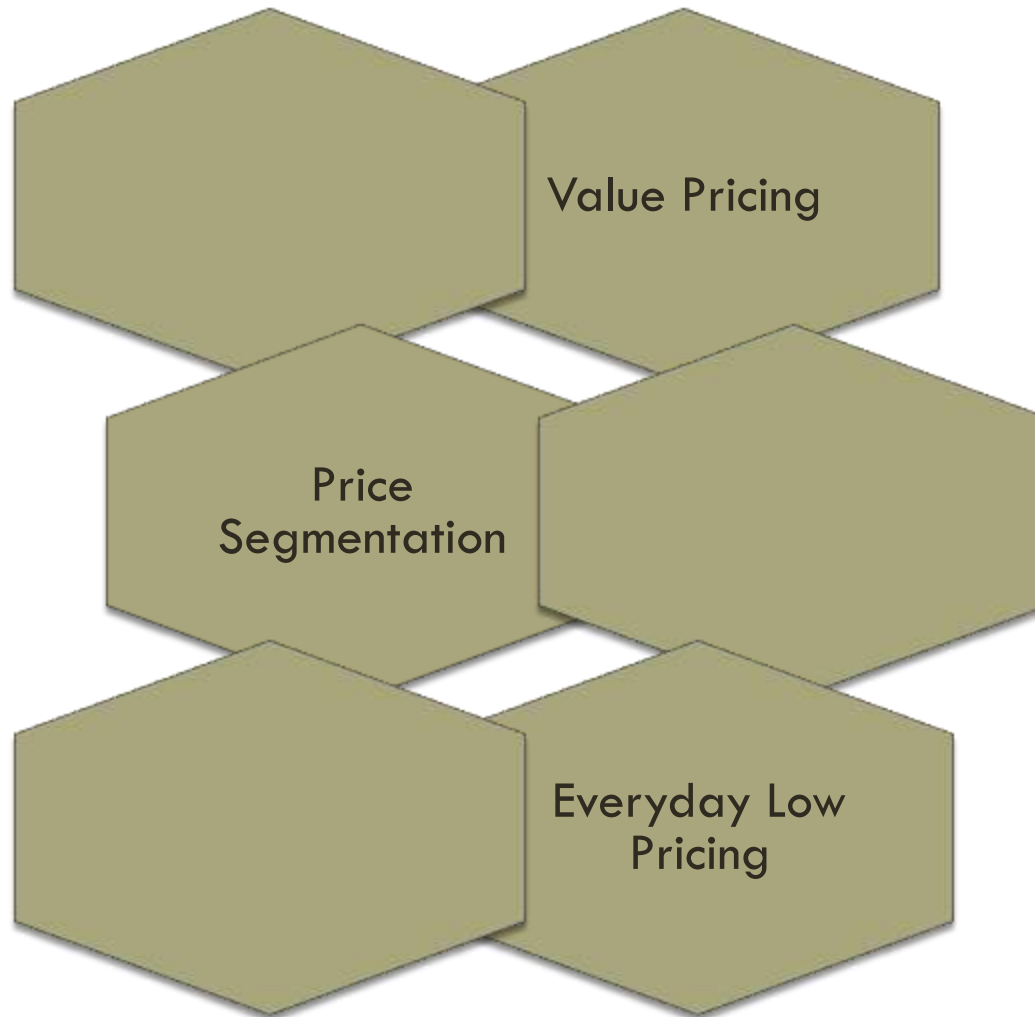
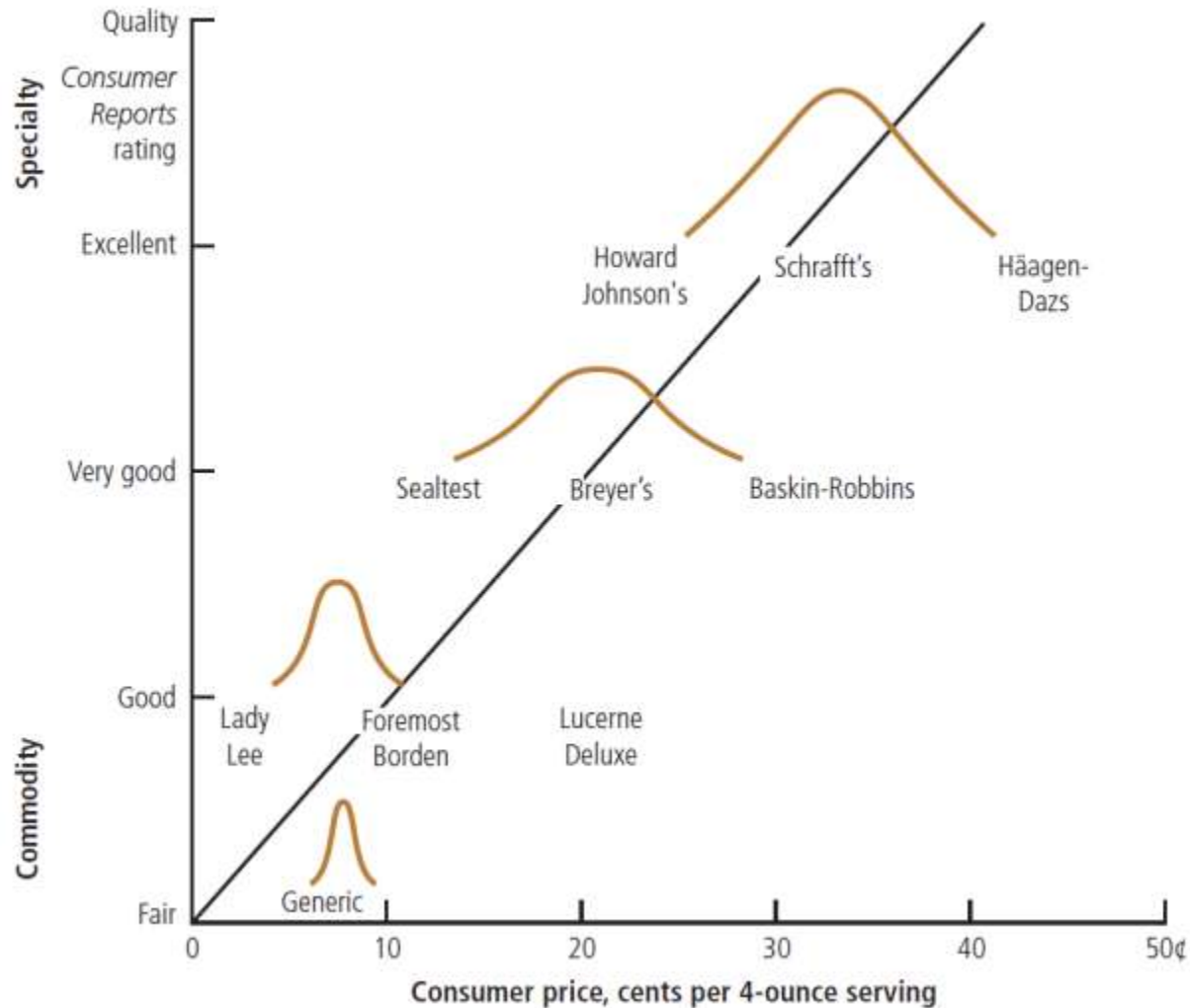


Figure 5-5 - Price Tiers in the Ice Cream Market



Channel Strategy

Channel Design

Indirect Channels

Direct Channels

Online Strategies

Figure 5-7 - Services Provided by Channel Members

Marketing research	Gathering information necessary for planning and facilitating interactions with customers
Communications	Developing and executing communications about the product and service
Contact	Seeking out and interacting with prospective customers
Matching	Shaping and fitting the product/service to the customer's requirements
Negotiations	Reaching final agreement on price and other terms of trade
Physical distribution	Transporting and storing goods (inventory)
Financing	Providing credit or funds to facilitate the transaction
Risk-taking	Assuming risks associated with getting the product or service from firm to customer
Service	Developing and executing ongoing relationships with customers, including maintenance and repair

Source: Reprinted from Donald Lehmann and Russell Winer, *Product Management* (Burr Ridge, IL: Irwin, 1994).

To Sum Up..

Channel members should be thought of and treated as valuable customers whose image and actions can hurt or enhance brand equity

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CHAPTER: 6 INTEGRATING MARKETING COMMUNICATIONS TO BUILD BRAND EQUITY

Learning Objectives

- Describe some of the changes in the new media environment
- Outline the major marketing communication options
- Describe some of the key tactical issues in evaluating different communication options
- Identify the choice criteria in developing an integrated marketing communication program
- Explain the rationale for mixing and matching communication options

Marketing Communication

- Means by which firms attempt to inform, persuade, and remind consumers about the brands they sell
 - Can contribute to brand equity by:
 - 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

The New Media Environment

- Has changed dramatically in recent years
 - Traditional advertising media seem to be losing their grip
 - Digital revolution has changed the way consumers learn and talk about brands
 - Changing media landscape has forced marketers to re-evaluate how they should best communicate with consumers

The New Media Environment

Challenges in Designing Brand-Building Communications

- Information processing model of communications

Role of Multiple Communications

Challenges in Designing Brand-Building Communications

- Skilfully designed and implemented marketing communications programs
 - ▣ Should be efficient and effective
 - ▣ Require careful planning and creative knack

Information Processing Model of Communications

- For a person to be persuaded by any form of communication the following steps must occur:
 - ▣ Exposure - Seeing or hearing communication
 - ▣ Attention - Noticing communication
 - ▣ Comprehension - Understanding the intended message
 - ▣ Yielding - Responding favorably to the message
 - ▣ Intentions - Planning to act in the desired manner of communication
 - ▣ Behavior - Actually acting in the desired manner

Figure 6.2- Simple Test for Marketing Communication Effectiveness

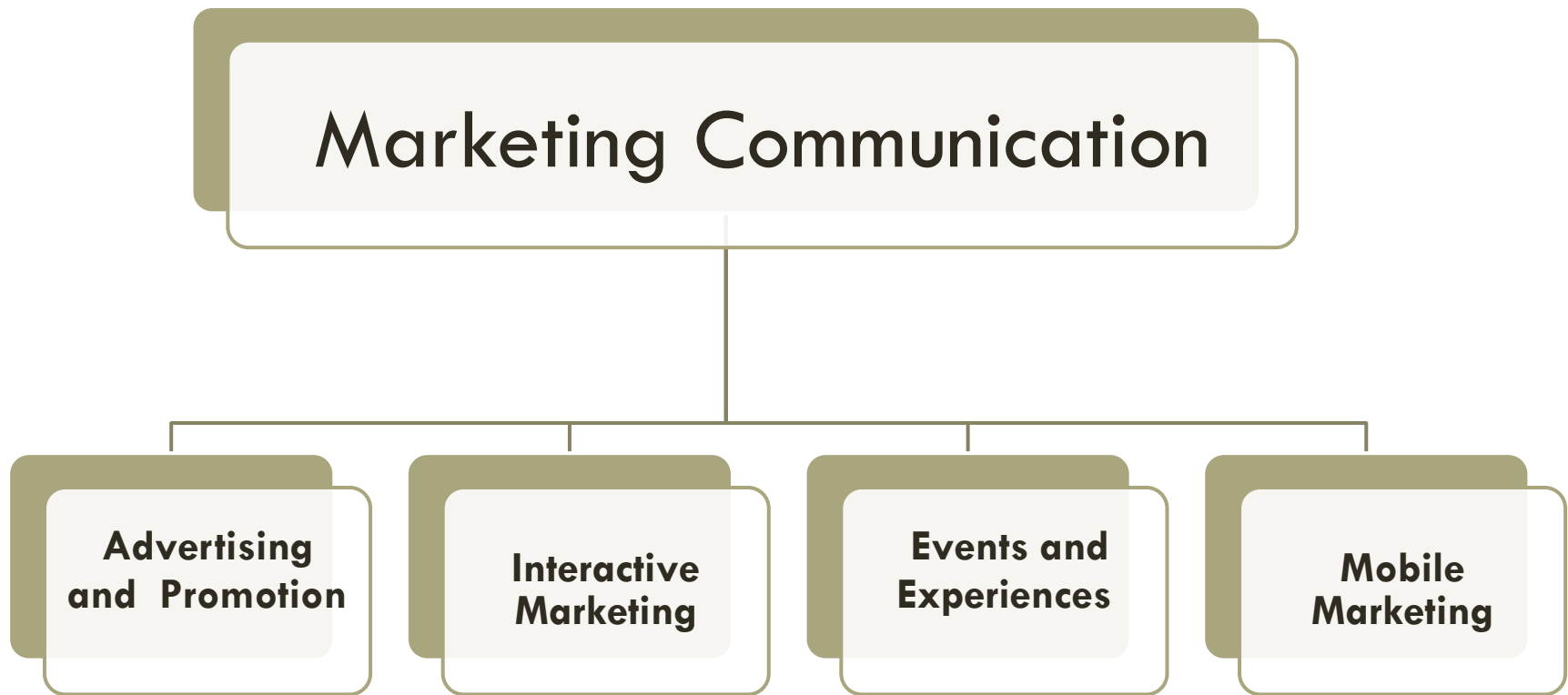


1. What is your current brand knowledge? Have you created a detailed mental map?
2. What is your desired brand knowledge? Have you defined optimal points of parity and points of difference and a brand mantra?
3. How does the communication option help the brand get from current to desired knowledge with consumers? Have you clarified the specific effects on knowledge engendered by communications?

Role of Multiple Communications

- Advantages of multiple communications
 - ▣ Optimal utilization of monetary and other resources
 - ▣ Different communication options also may target different market segments

Marketing Communication Options



Advertising

- Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor
- Powerful means of creating strong, favorable, and unique brand associations and eliciting positive judgments and feelings
- Specific effects are difficult to quantify and predict

Types of Advertising Media

Television

Radio

Print

Direct
Response

Place

Promotion

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graph TD; Promotion --> ConsumerPromotions[Consumer Promotions]; Promotion --> TradePromotions[Trade Promotions];
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Consumer Promotions

Trade Promotions

Promotions

□ Advantages

- Permit manufacturers to charge different prices to groups of consumers who vary in their price sensitivity
- Convey a sense of urgency to consumers
- Can build brand equity through actual product experience
- Encourage the trade to maintain full stocks and support the manufacturer's merchandising efforts

Promotions

□ Disadvantages

- ▣ Decreased brand loyalty and increased brand switching
- ▣ Decreased quality perceptions, and increased price sensitivity
- ▣ Inhibit the use of franchise
- ▣ Divert marketing funds sales promotion
- ▣ Increase the importance of price as a factor in consumer decisions
- ▣ May subsidize buyers who would have bought the brand anyway

Online Marketing Communication

Web Sites

On line Ads and Videos

Social Media

Events and Experiences

- Focus on engaging the consumers' senses and imagination as a part of brand building
- **Event marketing:** Public sponsorship of events or activities related to sports, art, entertainment, or social causes
- Range from extravagant sponsorship events to a simple local in-store product demonstration
- Rationale
- Guidelines

Mobile Marketing

- Product advertising on various mobile platforms
- **Geotargeting:** Marketers send messages to consumers based on their location and the activities they are engaging in
- Opt-in advertising - Users agree to allow advertisers to use specific, personal information send them targeted ads and promotions

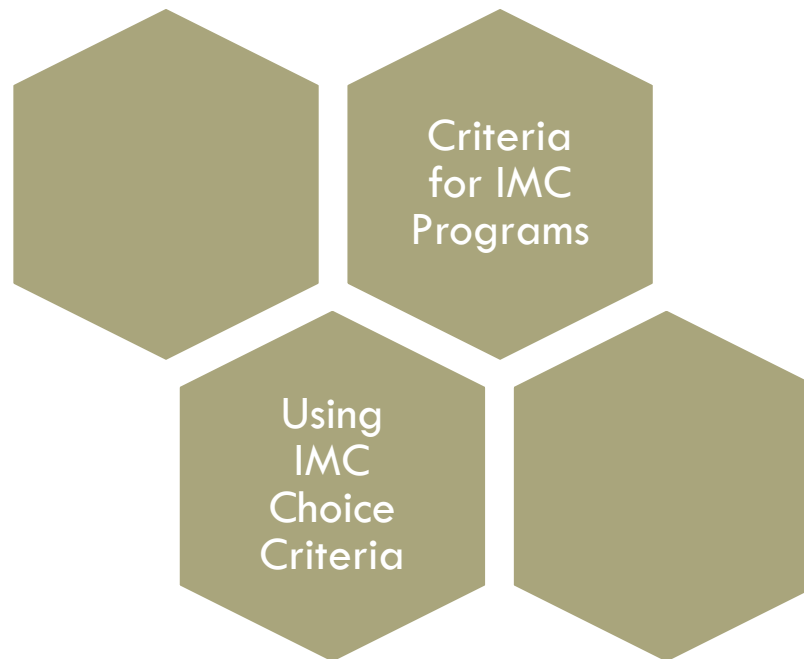
To Sum up...

- Marketing communication is indispensable to the process of brand building
- Developments in technology has provided new and creative modes of communication
- Marketers should employ judicious communications mix to achieve their goals

Brand Amplifiers

- Efforts made to engage consumers and the public via word-of-mouth and public relations and publicity
- Amplify the effects created by other marketing activities through:
 - ▣ Public relations and publicity
 - ▣ Word-of-mouth
- Public relations and publicity
- Word-of-mouth

Developing Integrated Marketing Communication Program (IMC)



Criteria For IMC Program

Coverage

Contribution

Commonality

Complementarity

Comformability

Cost

Using IMC Choice Criteria

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graph TD; A[Evaluating Communication Options] --> B[Establishing Priorities and Trade-Offs]
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Evaluating
Communication Options

Establishing Priorities
and Trade-Offs

FIGURE 6-1 2-General Marketing Communication Guidelines

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.