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**BLAB**

**HANDOUTS**

**BRAND  
MANAGEMENT**

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# Brand management

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## Preface

As many business executives now recognise, perhaps one of the most valuable assets a firm has are the brands it has invested in and developed over time. Although brands may represent invaluable intangible assets, creating and nurturing a strong brand poses considerable challenges. The goal is to provide managers with concepts and techniques to improve the long-term profitability of their brand strategies, by combining a comprehensive theoretical foundation with enough practical insights to assist managers in their day-to-day and long-term decisions.

The main questions to answer are:

1. How can we create brand equity?
2. How can we measure brand equity?
3. How can we sustain brand equity to expand business opportunities?

We focus on a framework that provides tactical guidelines about how to build, measure and manage brand equity approaching branding from the perspective of the consumer -> *customer-based brand equity*. This perspective is relevant to any type of organisation (public or private, large or small) and the examples cover a wide range of industries and geographies.

The world of marketing is undergoing a radical transformation -> the growth of digital and mobile technologies has given consumers the *ability to connect with each other* at warped speed and on a scale that has never been witnessed before. The *access to information is unparalleled* and brand marketers are using a plethora of *new digital channels to connect with consumers*, creating exciting new opportunities along with daunting new challenges for brands. We take a fresh look at branding paradigms and practises through a digital lens, while retaining aspects of traditional brand management that continue to be important and relevant

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## Chapter 1 - Brands and brand management

Ever more firms and other organisations have realised that one of their most valuable assets is the *brand names* associated with their products or services. A strong brand's ability to simplify decision making reduce risk and set expectations is invaluable -> creating strong brands that deliver on that promise, and maintaining and enhancing the strength of those brands over time is a management imperative.

We focus on understating psychological principles at the individual and firm level in order to make better decisions about brands. We need to be relevant for any type of organisation regardless of its size, nature of business or profit orientation. We consider the functions of a brand from the perspective of both consumers and firms and discuss why brands are important to both.

Branding has been around for centuries as a means to distinguish the goods of one producer from those of another. The word *brand* is derived from the Old Norse word *brandr* ("to burn") as



brands were and still are the means by which owners of livestock mark their animals to identify them.

**Brand** -> *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* (definition of *American Marketing Association*) -> whenever a marketer creates a new name, logo or symbol for a new product, he/she has created a brand.

Brand can also be considered as something that has created a *certain amount of awareness, reputation, prominence* and so on in the marketplace -> different from a commodity

## Brand elements

The key to creating a brand is to be able to choose a name, logo, symbol, package design or other characteristic that identifies a product and distinguishes it from others -> those different components of a brand that identify and differentiate it are *brand elements*.

There is a variety of brand name strategies -> i.e. General Electric or Samsung use their names for *essentially all their products* while P&G or Tide assign new products individual brand names that are unrelated to the company name. Moreover, retailers create their own brands based on their store name or some other means (i.e. Macy's has its own Alfani, INC...).

Brand names come in many different forms:

- *Brand names based on people's names* -> Porsche automobiles, Estée Lauder cosmetics
- *Brand names based on places* -> Santa Fe cologne, British Airways
- *Brand names based on animals or birds* -> Mustang automobiles, Dove soap
- *Brand names based on other things* -> Apple computers, Diamond food
- *Brand names that use words inherent product meaning* -> Lean Cuisine, Ocean Spray
- *Brand names suggesting important attributes or benefits* -> DieHard auto batteries, Beautyrest mattress, TripAdvisor
- *Brand names made up that might include prefixes and suffixes that sound scientific, natural or prestigious* -> Lexus automobiles, Pentium microprocessors

Also other brand elements, such as logos and symbols can be based on people, places, things and abstract images. In creating a brand, marketers have many choices about the number and nature of the brand elements they use to identify their products.

## Brands vs Products

*Product* -> anything we can offer to a market for attention, acquisition, use or consumption that might satisfy a need or want. It's a physical good or a service, but it could also be a retail outlet (such as a department store, specialty store or a supermarket), a person (such as a political figure or a celebrity), an organisation (such as a nonprofit, arts group or a trade organisation), a place (such as a city or a state) or an idea (such as a political or social cause). We can define *five levels of meaning for a product*:



1. **Core benefit level** -> fundamental need or want that consumers satisfy by consuming the product / service
2. **Generic product level** -> basic version of the product containing only those attributes or characteristics absolutely necessary for its functioning but with no distinguishing features -> stripped-down, no-frills version that adequately performs the product function
3. **Expected product level** -> set of attributes or characteristics that buyers normally expect and agree to when they purchase a product
4. **Augmented product level** -> includes additional product attributes, benefits or related services that distinguish the product from competitors
5. **Potential product level** -> includes all the augmentations and transformations that a product might ultimately undergo in the future.

In many markets, most competition takes place at the product augmentation level, because most firms can successfully build satisfactory products at the expected level.

**Ted Levitt** -> the new competition is not between what companies produce in their factories, but between what they add to their factory output in the form of packaging, services, advertising customer advice, financing, delivery arrangements, warehousing and other things that people value.

*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* -> rational and tangible (product performance) or symbolic, emotional and intangible (what the brand represents)

Some brands create *competitive advantages with product performance* -> i.e. Gillette or Merck have been leaders in their product categories for decades due, in part, to *continual innovation* -> steady investments in research and development have produced leading-edge products, and sophisticated mass marketing practices have ensured rapid adoption of new technologies in the consumer market. In the list of companies with ability to innovate we can find Apple, Netflix, Amazon and many others.

Other brands create *competitive advantages through non-product-related means* -> i.e. Coca-Cola and Chanel N.5 have been leaders in their product categories for decades by *understanding consumer motivations and desires* and creating *relevant and appealing images* surrounding their product -> intangible image associations might be the only way to distinguish different brand in a product category.

Brands carry a number of different types of *associations*, and marketers must account for all of them when making marketing decisions. There are also many different *means* to create them -> consumers' understanding of the brand and how they value it with other factors outside the control of the marketer. By creating perceived differences among product through branding and by developing a loyal consumer franchise, marketers create value that can translate to financial profit



for the firm -> most valuable assets may not be tangible ones but intangible as management skills, marketing, financial and operation expertise and brands themselves.

#### Coca-Cola's branding lesson

In April 1985, Coca-Cola made a critical marketing mistake by replacing its flagship cola with a new, sweeter formula. This decision was driven by competition from Pepsi, whose "Pepsi Challenge" taste tests consistently showed consumer preference for its product. Concerned about losing market share, especially among younger consumers, Coca-Cola reformulated its drink based on extensive taste tests involving 190,000 participants, which overwhelmingly favoured the new version.

However, consumer backlash was immediate and intense. Loyal customers viewed Coca-Cola as *more than just a beverage*—it was an American cultural icon. Protests emerged, including the formation of the "Old Cola Drinkers of America" and a surge in calls and letters criticising the change. Sales declined, forcing Coca-Cola to reintroduce the original formula as "Coca-Cola Classic" within months.

This incident highlighted the *deep emotional connection consumers had with the brand*, proving that branding extends *beyond product taste to heritage, nostalgia, and identity*. Coca-Cola learned that the psychological impact of a brand can be as significant as its physical attributes, and consumers, in turn, realised their strong attachment to Coke. The New Coke failure remains a landmark case in marketing, emphasising the importance of understanding brand perception before making significant changes.

### Why do brands matter?

**Consumers** -> all types of customers, including individuals and organisations. To consumers, brands provide important functions:

1. **Identification of source of product**
2. **Assignment of responsibility to product maker**
3. **Risk reducer**
4. **Search cost reducer**
5. **Promise, bond or pact with maker of product**
6. **Symbolic device**
7. **Signal of quality**

We can say that brands serve as identifiers of product origin, allowing consumers to associate responsibility with a specific manufacturer or distributor. More than just labels, brands carry meaning derived from consumers' past experiences and marketing exposure, helping them determine which products best meet their needs. As a result, brands simplify decision-making by reducing the effort required for product evaluation. Recognising a brand enables consumers to rely on existing knowledge, minimising both internal (cognitive effort) and external (search time) costs. Beyond functionality, brands establish a psychological bond with consumers, built on trust and loyalty. Consumers expect brands to maintain consistent product performance, fair pricing, and effective promotion and distribution. As long as brands continue to deliver value and satisfaction, they foster repeat purchases and long-term consumer relationships. Additionally, brands can serve *symbolic roles*, reflecting consumers' identities, values, and aspirations. Certain brands are associated with specific lifestyles or personality traits, enabling consumers to express



self-image through their choices. Some branding experts even suggest that brands may serve a quasi-religious function for certain individuals, reinforcing self-worth and societal identity. Ultimately, brands hold significant cultural and economic influence, *shaping consumer behaviour and playing a crucial role in signalling product characteristics and quality expectations*.

Researchers have classified products and their associated attributes or benefits into 3 main categories:

1. **Search goods** -> i.e. grocery products -> consumers can evaluate product attributes like sturdiness, size, colour, style ... by visual inspection
2. **Experience goods** -> i.e. automobile tires -> consumers cannot assess product attributes so easily by inspection and actual product trial and experience is necessary
3. **Credence goods** -> i.e. insurance coverage -> consumers may rarely learn product attributes

Brands may be particular important signals of quality and other characteristics to consumers for credence and experience goods. Moreover, brands can reduce the risks in product decisions; the main risks comprehend:

- **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 result 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

If consumers buy well-known brand, especially those with which they have past experience, those risks are reduced. Brands can be a very important risk-handling device, especially in business-to-business settings where risks can sometimes have quite profound implications. From the point of view of consumers, the identical product may be evaluated differently depending on the brand identification or attribution it carries -> unique, personal meanings that facilitate day-to-day activities and enrich 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.

**Manufacturers/Firms** -> brands also provide a number of valuable functions to their firms:

- **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**



Primarily, they serve as identifiers, simplifying product handling and tracking. From an operational standpoint, brands facilitate the organisation of inventory and accounting records. Additionally, they offer legal protection for distinctive product features, safeguarding intellectual property rights. Through registered trademarks, patents, and copyrights, firms can secure exclusive rights to their brand names, manufacturing processes, and packaging designs. These protections enable businesses to invest in brand development with confidence, ensuring they can fully capitalise on the value of their brand as a strategic asset. The investments in the brand can endow a product with unique associations and meanings that differentiate it from other products. Brands play a crucial role in *signalling quality* to consumers, fostering *brand loyalty*, and ensuring repeat purchases. This loyalty provides firms with *predictable demand and creates market entry barriers*, making it difficult for new competitors to establish themselves. While manufacturing processes and product designs can be replicated, the *strong brand associations* built through years of marketing and consumer experience are far more challenging to duplicate. Well-established brands, such as Crest, Nike, and Levi's, benefit from *deep-rooted consumer familiarity*, offering companies a significant competitive advantage. As a result, brands are considered valuable legal assets that can influence consumer behaviour, drive long-term revenue, and be bought or sold in mergers and acquisitions. The substantial premiums paid for brands in corporate transactions highlight their financial significance. Brands *contribute significantly to a firm's overall value*, often comprising a large portion of its intangible assets and goodwill. In many cases, these intangible brand assets account for up to 60% of a company's total market value, underscoring their strategic importance in driving profitability and sustaining competitive advantage.

### Can anything be branded?

A brand is something that *resides in the minds of the consumers* -> is a perceptual entity rooted in reality, it reflects the perceptions and the idiosyncrasies of consumers. To brand a product it's necessary to name and using other brand elements to help identify it -> 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"). Branding creates mental structures and helps consumers organise their knowledge about products/services in a way that clarifies their decision making and provides value to the firm. *The key of branding is that consumers perceive differences among brands in a product category* -> attributes, benefits or more intangible considerations



### Branding commodities

**Commodity** -> basic products that, in the minds of consumers, *lack physical differentiation from competitors*. However, many once-perceived commodity products have successfully evolved into highly differentiated brands, including coffee (Maxwell House), salt (Morton), and bottled water (Perrier). The key to this transformation lies in *convincing consumers that meaningful differences exist between offerings within the category*. In some cases, branding has emphasised product quality assurance, as seen with produce and other food items. In other cases, differentiation has been achieved through *brand image and non-product-related attributes*, such as luxury and exclusivity. A notable example is De Beers, which transformed diamonds from a commodity into a powerful symbol of eternal love through the iconic tagline “*A Diamond Is Forever*.” Over time, De Beers expanded its branding strategy to emphasise the lasting value of diamonds, particularly during economic downturns, reinforcing their significance as long-term investments. This example highlights how branding can elevate even the most basic products by creating emotional connections, symbolic meanings, and consumer perceptions of value beyond the physical attributes of the product itself.

**Physical goods** -> traditionally associated with brands and include many of the best-known and highly regarded consumer products (i.e. Sony, Mercedes-Benz..). More companies are recognising the benefits of developing strong brands. Branding has been adopted in a variety of industries.

### History of branding

Branding has existed for centuries, with early forms traced back to ancient pottery and stonemason marks used to signify craftsmanship and quality. In medieval England, branding was formalised through regulations, such as the 1266 law requiring bakers to mark their loaves. As European settlers arrived in North America, branding practices evolved, particularly in industries like tobacco and patent medicines. The late 19th and early 20th centuries saw the rise of *mass-produced, packaged goods*, with business leaders such as H.J. Heinz and Asa Candler (Coca-Cola) pioneering brand-driven growth. However, the Great Depression shifted power toward *retailers*, who promoted their own brands over manufacturer brands. In response, Procter & Gamble introduced the *brand management system*, assigning managers to oversee individual brands and their strategic growth. A brand manager was responsible for developing and implementing the annual marketing plan for his/her brand, as well as identifying new business opportunities. Between 1940 and 1980, economic expansion and a growing middle class fueled demand for *national brands*, solidifying the importance of branding. By the mid-1980s, mergers and acquisitions highlighted the financial value of strong brands, leading firms to manage brands as critical intangible assets. In the 21st century, branding has further evolved with *data-driven marketing and digital channels*. The rise of *direct-to-consumer brands*, such as Warby Parker and Bonobos, reflects a shift toward digital-first branding strategies, expanding modern marketing’s influence across industries.

- **Business-to-business products (B2B)** -> B2B represents a huge percentage of the global economy (i.e. FedEx, General Electric, IBM, Oracle, Microsoft...). B2B branding creates a positive image and reputation for the company as a whole and lead to greater selling opportunities and more profitable relationships. A strong brand provide valuable reassurance and clarity to business customers and thus can provide a strong competitive advantage. While some B2B firms believe that branding holds little significance due to the *professionalism and expertise* of their customers, successful business marketers recognise its crucial role in market differentiation and success. Boeing exemplifies effective B2B branding through its “*One Firm*”



strategy, which *unifies its various divisions under a single brand culture*. This approach is structured around a "*triple helix*" concept: *Enterprising Spirit* (the company's purpose), *Precision Performance* (its operational excellence), and *Defining the Future* (its industry impact). Infosys, an Indian IT services firm, leveraged branding to *reposition* itself beyond outsourcing. Once it achieved \$2 billion in sales, it rebranded as a business transformation partner, highlighting its ability to enhance business models. Through its "*Think Flat*" campaign, Infosys communicated its strategic shift to employees and key decision-makers in client organisations, positioning itself as a *value-driven partner* rather than a conventional IT service provider. These examples underscore the significance of branding in the B2B sector, demonstrating how a well-defined brand strategy can *enhance market positioning, customer perception, and long-term success*.



### Understanding B2B branding

B2B purchase decisions are complex and offer high risk -> branding plays an important role in B2B markets. There are seven specific guidelines:

1. *Ensure the entire organisation understands and supports branding and brand management* -> All employees must understand and support the brand vision, with a particular focus on the **sales force**. As a key driver of profitability, a well-aligned sales team reinforces the brand promise and ensures customers perceive its value, justifying premium pricing.
  2. *Adopt a corporate branding strategy if possible and create a well-defined brand hierarchy* -> B2B companies often emphasise **corporate brands** (e.g., Cisco, GE) while using clear **sub-brands** that combine the corporate name with product descriptors (e.g., DellEMC). Distinct business lines may require differentiated sub-brands, such as IBM Services, which is further segmented into IBM Global Business Services and IBM Global Technology Services.
  3. *Frame value perceptions* -> In competitive B2B markets, marketers must highlight their brand's unique value. Framing **shapes customer perception by emphasising benefits, cost savings, and overall economic impact**. Effective framing requires understanding current customer thinking and strategically influencing their decision-making process.
  4. *Link relevant non-product related brand associations* -> In B2B settings, brands can stand out through factors **beyond product performance**, such as exceptional customer service, reputable clients, or company size and reputation. Brand imagery also plays a role, shaping perceptions -> some firms are seen as aggressive (e.g., Microsoft, Oracle), while others are viewed as innovative (e.g., Apple, Google). A large customer base can further reinforce a company's credibility and market leadership.
  5. *Find relevant emotional associations for the brand* -> B2B marketers often underestimate the role of emotions in branding. **Emotional connections**, such as a sense of security, social approval, and self-respect, can significantly enhance brand equity. For example, reducing risk to increase security is a powerful driver of decisions. Additionally, working with top firms can foster peer approval and personal satisfaction for business decision-makers.
  6. *Segment customers carefully both within and across companies* -> In a B2B context, customer segments can vary both within and across organisations. Within a company, individuals may take on **different roles in the purchase decision process**, such as initiator, user, or buyer. Across organisations, businesses differ based on factors like **industry, size, technologies, and purchasing policies**. Effective brand building requires tailoring marketing programs to these diverse segmentation perspectives.
  7. *Leverage digital techniques and social media marketing approaches* -> In B2B marketing, digital channels play a **crucial role in targeting customers efficiently**. Social media platforms like LinkedIn, Twitter, and Facebook are commonly used to showcase products, generate leads, and engage with audiences. Additionally, **content marketing**, including video content, helps companies connect with and strengthen relationships with current and potential customers.
- *High-tech products* -> many technology companies have struggled with branding since they often lack any kind of brand strategy and see branding as simply naming their products. But still, marketing skills are playing an increasingly important role in the adoption and success of



high-tech products. The speed and brevity of technology product life cycles create unique branding challenges -> trust is crucial and customers often buy into companies as much as products.

### Adobe

Adobe, a global leader in multimedia and creativity software, achieved record revenue of \$7.3 billion in 2017, with its brand valued at \$9 billion, reflecting a 19% growth. Its success is driven by a *focus on innovation, customer-centricity, and excellent design in its products*. Adobe's *emotional advertising* campaigns, such as the "The Future Is Yours" campaign, further strengthened customer relationships. Notably, after Hurricane Harvey, Adobe helped restore cherished photos for victims, showcasing its commitment to both innovation and social impact, contributing to its brand's growth and profitability.

**Services** -> although strong service brands have existed for years (i.e. American Express, British Airways), the pervasiveness of service branding and its sophistication have accelerated in the past decade. Services are *less tangible* than products and *more likely to vary in quality*, depending on the particular person/people providing them -> branding can be particularly important to service firms as a way to address intangibility and variability problems -> brand symbols help make the abstract nature of services more concrete and can help identify and provide meaning to the different services provided by a firm (i.e. for financial services brands help organise and label the myriad new offerings in a manner that consumers can understand). Moreover, is an effective way to signal to consumers that the firm has designed a particular service offering that is special and deserving of its name (i.e. British Airways with "Club World" for premium business class or "World Traveller" for regular coach service -> making everyone feel special). Branding has clearly become a competitive weapon for services.

- *Professional services* -> (i.e. Accenture, Goldman Sachs, Ernst&Young) offer specialised expertise and support to other business and organisations and branding is a combination of B2B branding and traditional consumer services branding. Corporate credibility, encompassing expertise, trustworthiness, and likability, is essential in professional services. *Variability is a challenge*, as it is harder to standardise services in consulting compared to consumer services. *Long-term relationships* are critical, as losing a significant customer can have severe consequences. In professional services, individual employees often build *personal brand equity*, which can complicate the process of maintaining corporate brand consistency. *Referrals and testimonials* are valuable due to the intangible nature of services, and emotions play a significant role in securing client loyalty. Additionally, *switching costs* create barriers for competitors, but clients may negotiate for more tailored solutions.

**Retailers and distributors** -> Brands play a vital role for retailers and channel members by generating *consumer interest, loyalty, and patronage*, helping create *store image and positioning*. Brands, whether from manufacturers or the retailers' own labels, contribute to *higher margins, increased sales, and greater profits*. Retailers can introduce their own brands through store names



or new brand names, fostering customer loyalty and profitability. In 2016, store brand sales accounted for about 15% of U.S. consumer packaged goods sales. The rise of the internet has changed retailing, with many retailers adopting a "*bricks and clicks*" model or becoming purely online. To stay competitive online, retailers must enhance customer service, ensure prompt shipping, and provide liberal return policies.

**Digital brands** -> some of the strongest brand in recent years have been born online (i.e. Amazon, Google, Facebook...) but many online marketers made serious mistakes -> initially, many online marketers made branding mistakes, focusing on flashy ads rather than defining their products or services clearly. Today, successful digital brands understand the *importance of differentiating on key dimensions* such as convenience, price, or variety, while ensuring good customer service, credibility, and a strong brand personality. Effective online brands meet consumers' unmet needs. By offering unique features to consumers, the best online brand are able to avoid extensive advertising or lavish marketing campaigns, relying more on word-of-mouth ad publicity.

- Hulu enables consumers to watch videos of their past and present favourite TV programs at their own convenience
- Spotify allows consumers to customise online radio stations with bands and genres they enjoy, while learning about other music they might also like
- Wikipedia provides consumers with extensive, constantly updated, user generated information about practically everything
- Airbnb quickly grew into a global platform with 40 million users, generating \$900 million in annual revenue and operating in 34,000 cities. The company connects individuals renting spaces with travellers, but it does not view itself as competing with hotels. Airbnb's CMO recognised the value of *emotional connections in brand-building*. The company used storytelling to highlight the *personal connections* between hosts and travellers, strengthening its brand. Airbnb also launched a magazine, Pineapple, to share stories and foster connections within its community.

Online brands also learned the importance of *off-line activities to draw customers to Web sites* -> introduce new products sold offline or gaining access to brick-and-mortar distribution channels (I.e. Echo by Amazon is also sold off-line). Home page Web addresses, or URLs, began to appear on all collateral and marketing material; partnerships became critical and targeting specific customers gained importance. Web site designs have begun to maximise the benefits of interactivity, customisation, and timeliness and the advantages of being able too inform, persuade and sell all at the same time.

**People and organisations** -> Branding in the context of people or organisations is often straightforward, as public figures like politicians, entertainers, and athletes already have *well-defined images* that are either liked or disliked. Successful individuals build their personal brand



through *reputation, skills, and attitude*, which shape how others perceive and treat them. Similarly, organisations, including nonprofits like the Sierra Club, American Red Cross, and UNICEF, use branding to *communicate their values and initiatives*, emphasising marketing to strengthen their image and public recognition.

**Nigella Lawson** -> Nigella Lawson, unlike typical celebrity chefs, has no formal training and has never run a restaurant. Despite these perceived limitations, she has built a successful brand through her love of eating and relatable approach to cooking. Lawson's *connection with her audience* stems from her empathy, sharing their frustrations and simplifying cooking with practical, stress-reducing recipes. Her brand extends across award-winning books, popular TV shows, a cookware line, and an iPhone app, with her perceived understanding of home cooks earning her a loyal fan base.

**UNICEF** -> UNICEF launched its "Tap Project" campaign in 2007, encouraging diners to pay \$1 for a glass of New York City tap water to support clean water initiatives. This marked UNICEF's first consumer campaign in over 50 years. Additionally, from 2006 to 2011, the UNICEF logo appeared on the Barcelona soccer team's jersey, with the team donating \$2 million annually to the organisation. In 2010, UNICEF launched the "Put it Right" campaign in the UK, featuring celebrity ambassadors to protect children's rights. UNICEF has also formed a successful *partnership* with IKEA, established in 2000, focusing on children's rights through donations and annual toy campaigns, including the 2016 "Let's Play for Change" initiative to promote brain development through play.

**Sports, Arts, and Entertainment** -> In the sports, arts, and entertainment industries, marketing people and organisations as brands has become highly sophisticated. Sports teams now employ a mix of *advertising, promotions, sponsorships, digital communication*, and other strategies to *build awareness, image, and loyalty*, ensuring ticket sales regardless of team performance. Logos and brand symbols contribute significantly to revenue through licensing agreements. In the arts and entertainment sectors, branding helps consumers *judge the quality of experience goods* like movies, television, music, and books. Successful movie franchises like James Bond and Star Wars rely on *established brand identities to attract audiences*, with recurring characters and sequels helping to maintain consumer interest through familiar branding cues. A strong branding is valuable in the entertainment industry because of the fervent feelings that brands generate as a result of pleasurable past experiences.

### **Harry potter**

The Harry Potter franchise has evolved beyond its original books, becoming a *global empire* similar to Star Wars. The series includes *blockbuster films, merchandise sales, theme parks*, and more. In its first year, Harry Potter toys generated \$160 million in sales, and the Florida theme park opened by Universal Studios became a major attraction. The brand has been praised for its core marketing strategies, including *emotional engagement, word-of-mouth, and brand consistency*. Valued at \$25 billion in 2016, the franchise includes \$7 billion in movie sales and an equal amount in book sales, with additional earnings from toys and games. Extensions like Broadway shows and partnerships with major companies ensure the brand's continued success and longevity.



**Geographic locations** -> Place marketing has grown due to *increased mobility and the rise of tourism*, with cities, states, regions, and countries now actively promoted through various communication channels. These campaigns aim to *raise awareness and create a positive image* to attract both temporary visitors and permanent residents or businesses. While the brand name is typically determined by the location's name, there are several factors to consider when building a place brand.

#### Place branding

Branding is not limited to vacation destinations. Place branding is now a common strategy used by *countries, states, cities, and regions to attract visitors or encourage relocation*. Early examples include "Virginia Is For Lovers" and "Shrimp on the Barbie" (Australia). Las Vegas ran its successful "What Happens Here, Stays Here" campaign starting in 2003, and later adapted its messaging after a 2017 mass shooting, using the "Vegas Strong" slogan to emphasise the city's resilience. Countries also use branding to attract tourists, such as Spain's logo by Joan Miró, the "Incredible India" campaign, and New Zealand's connection with *The Lord of the Rings*. Other slogans include "Essential Costa Rica" and "A Curious Place" for Belize. In 2017, the top five country brands were Switzerland, Canada, Japan, Sweden, and New Zealand.

**Ideas and Causes** -> Nonprofit organisations often brand ideas and causes to *increase visibility and support*. These causes are typically represented through phrases, slogans, or symbols, like AIDS ribbons. Branding helps *make abstract ideas more concrete and impactful*. Sophisticated marketing techniques are increasingly used to inform and persuade consumers about these causes, enhancing their effectiveness.

#### What are the strongest brands?

Virtually anything can be and has been branded but within the strongest brands we can find Apple, Google Microsoft, Coca-cola (Interbrand's ranking of 2017, Best Global Brands report). Brands are still among the most valuable assets that can be owned by a firm. Brands can account for up to 60% of a firm's value, and many iconic brands, such as Hovis, Kellogg's, and Cadbury, have endured for decades. However, some brands like Montgomery Ward, Polaroid, and Xerox have *struggled or lost market dominance* due to factors like *technological shifts or poor brand management*. Maintaining brand relevance and differentiation is critical for continued success. Even strong brands are vulnerable to mismanagement, especially in today's fast-changing market. Digital native vertical brands, which are born online and sell directly to consumers, face unique challenges and opportunities in leveraging digital marketing.

**The importance of brand relevance in winning in the marketplace** -> Brand relevance is crucial for attracting and retaining customers, with differentiation being key to building brand equity. Aaker defines brand relevance as a *multi-stage process involving category selection, brand selection based on functional or emotional benefits, and brand evaluation based on user experience*. Unlike the traditional view of brand relevance, which focuses on whether a brand provides useful



benefits, Aaker emphasises its role in both *category and brand choice stages*. For example, brands like Uber, Airbnb, and Tesla became dominant players by innovating within their categories, enhancing brand relevance. Aaker argues that strong brand preference can *influence consumer attitudes towards both the brand and its category*. Brand with high awareness and strong image can raise the prominence of the category that they are in, thus increasing the likelihood that the category is chosen, and that they enter the consideration set.

**Growth strategies, and the role of niche vs mass marketing** -> Sharp et al. argue against the over-emphasis on loyalty and retention, suggesting that *acquiring new customers is more important*. They support this by showing that brand success is more linked to *market penetration* rather than customer loyalty, citing data from categories like shampoo and laundry detergents. They also critique the focus on brand differentiation, suggesting that it doesn't create distinct buyer profiles across competitors. Instead, they *advocate for mass marketing* with consistent themes and messages rather than niche marketing. *Niche marketing* involves focusing marketing efforts on a specific subset of the market, which has specific needs. *Mass marketing* involves appealing to the entire market with a standardised product, distribution approach and advertising campaign. Key questions for determining the best approach (mass vs. niche marketing) include assessing whether a compelling value proposition exists for a specific segment, if the target is willing to pay a premium, and whether engaging niche markets is cost-effective compared to mass marketing. Additionally, the competitive landscape and company resources should be considered when choosing a strategy.

## Branding challenges and opportunities

Although brands may be as important as ever to consumers, in reality, brand management may be more difficult than ever due to some recent developments that created new challenges:

- **Unparalleled access to information and new technologies** -> Technology, particularly algorithms like Google search, allows marketers to gain valuable insights into consumer needs and preferences based on their search behaviours. This has led to the *rise of search advertising*, which targets consumers more effectively by understanding their queries. As technology continues to evolve, its *integration into the physical world* will create new opportunities for brands. For example, museums are incorporating augmented reality, smart assistants, and 3D technology to enhance visitor experiences. These innovations present marketers with new ways to create *immersive and engaging brand experiences* for customers.
- **Downward pressure on prices** -> As search costs for information decrease, consumers can easily *compare prices* and switch to cheaper alternatives, making it harder for brands to maintain differentiation and charge premium prices. The rise of third-party comparison websites further intensifies this challenge for brands.



- **Ubiquitous connectivity and the consumer backlash** -> The rise of digital technology has *increased consumer connectivity but also decreased attention spans*, making them more susceptible to intrusions. This has led to a potential backlash, with consumers resisting marketers' attempts to reach them. Technologies like Apple's driving-focused message blocker and ad-blocking software allow consumers to escape intrusive ads. While marketers have better access to consumers, people may seek ways to protect their time from unwanted attention.
- **Sharing information and goods** -> New technologies have made it easier for consumers to share information and goods with each other. Social media platforms like Facebook, Instagram, and YouTube allow users to *connect, share content, and create detailed personal profiles*. This offers marketers valuable insights into consumer preferences and behaviours. However, social media platforms have faced increasing scrutiny over *privacy concerns*, especially regarding the use of personal data. Laws in the U.S. and Europe are addressing these issues, with Europe requiring explicit permission for data usage. Some platforms like Napster allow for peer-to-peer file sharing, whereas platforms like Airbnb, Zipcar, and Uber enable consumers to share goods and services for a fee.
- **Unexpected source of competition** -> the digital world allows companies to enter new markets more easily, bypassing traditional barriers like distribution systems. As a result, new competitors can emerge *unexpectedly*. For example, when Amazon launched its streaming services, it directly competed with established players like Netflix and Apple iTunes. This highlights the need for digital brands to *stay alert to emerging competition*.
- **Disintermediation and reintermediation** -> Disintermediation involves the *removal of traditional intermediaries*, such as travel agents, from the distribution process. For example, travel agencies have seen a decline due to online booking platforms. Reintermediation, on the other hand, introduces *new intermediaries that fulfil similar or additional roles*, such as online review sites (e.g., Yelp) and consumer guides (e.g., ConsumerReports.com), which assist in consumer decision-making. TripAdvisor is an example of reintermediation, offering services similar to those of traditional travel agencies.
- **Alternative sources of information about product quality** -> The growth of the Internet and the availability of online reviews and information have significantly changed how consumers learn about product quality. Consumers now rely more on *online word-of-mouth*, reducing information asymmetry between producers and consumers and decreasing reliance on brands as signals of quality. Brands now play a *broader role*, not only signalling quality but also *adapting quickly to changing customer preferences*. With consumers able to access real-time information on product quality, brands must focus on creating *exceptional customer experiences* that generate positive buzz.



- **Winner-takes-all markets** -> The abundance of information about product quality is making consumers more quality-sensitive, leading them to *favour market leaders* with high and consistent quality. As quality information becomes easily accessible, consumers will increasingly choose brands with the *highest average quality and lowest variance*. This will pressure brands to maintain high-quality products or dominate in other areas like price or after-sales services. Industries may see a "winner-takes-all" effect, where a *few dominant players emerge quickly*, accelerating the exit of weaker brands. This trend is expected to spread across industries, speeding up *market consolidation*.
- **Media transformation** -> The shift from traditional advertising to interactive and nontraditional media is transforming marketing strategies. As *media fragmentation increases*, marketers are moving away from expensive, cluttered traditional platforms like network TV, opting for *more effective alternatives* like social media. P&G exemplifies this shift, focusing on platforms like Facebook and apps to reach consumers. New brands, like LaCroix, leverage social media and influencers to build engagement. LaCroix's success stems from its positioning as a healthy alternative, its use of Instagram for engagement, and its collaboration with micro-influencers. The brand also encourages health-conscious consumers to share their experiences, building a *strong, authentic online presence*.
- **Customer centricity** -> The rise of digital channels and *ubiquitous connectivity* has transformed the way consumers access product quality information, making it *readily available online*. As a result, brand equity has become more vulnerable, as unverified product and service claims can be easily exposed. Review forums and online word-of-mouth play a crucial role in shaping consumer perceptions, amplifying negative news and potentially damaging brand value. This shift has redefined the role of *product quality* in building brand value, leading marketers to adopt a more *customer-centric approach*. Brands now focus on addressing consumer concerns and engaging with broader societal issues, *prioritising trust and authenticity* in their marketing strategies.

## The brand equity concept

Brand equity has elevated the importance of the brand marketing strategy and provided focus for managerial interest and research activity but, at the same time, the concept has been defined a number of different ways for a variety of purposes.

Branding is all about endowing product and services with the power of brand equity -> brand equity consists of the marketing effects uniquely attributable to a brand and explains why different outcomes result from the marketing of a branded product or service than if it were not branded.

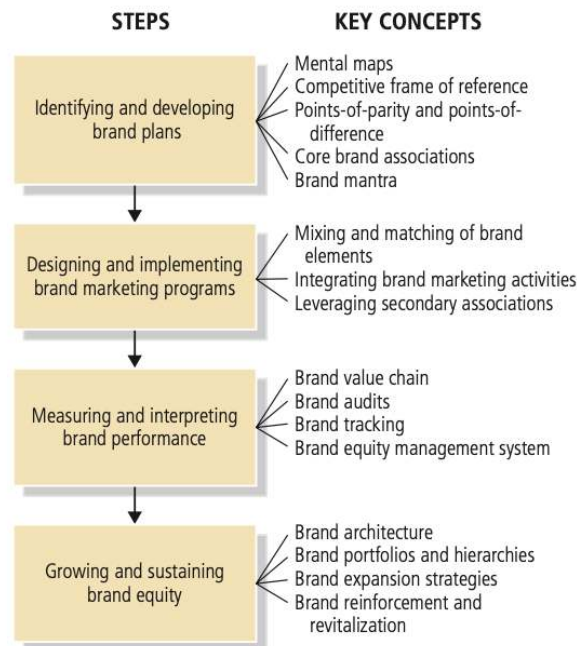
Branding is all about creating differences:

- differences in outcomes arise from the "added value" endowed to a product in part 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)

The brand equity concept reinforces how important the brand is in marketing strategies



## Strategic brand management process

**Strategic brand management** -> design and implementation of marketing programs and activities to build, measure and manage brand equity

Strategic brand management process -> can be divided into 4 main 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*

**Identifying and developing brand plans** -> we need a clear understanding of what the brand is to represent and how it should be positioned with respect to competitors. Brand planning uses the following 3 interlocking models:

1. *Brand positioning model* -> how to guide integrated marketing to maximise competitive advantage
2. *Brand resonance model* -> how to create intense loyalty and strong customer relationship with customers



3. *Brand value chain* -> 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** -> building brand equity requires properly positioning the brand in the minds of customers and achieving as much brand resonance as possible. This knowledge building process will depend on 3 factors:

1. *Initial choices of the brand element making up the brand and how they are mixed and matched* -> The key brand elements include brand names, URLs, logos, symbols, characters, packaging, and slogans. Their effectiveness in brand-building is measured by how consumers perceive a product or service based solely on these elements. Since each element offers unique advantages, marketers may use a subset or all of them strategically
2. *The marketing activities and supporting marketing programs and the way the brand is integrated into them* -> While brand elements contribute to brand equity, the primary impact comes from marketing activities
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)* -> These occur when a brand is linked to other entities, such as the company, geographical regions, distribution channels, other brands, celebrities, events, or third-party sources like awards and reviews. Through these associations, consumers may infer that the brand shares positive attributes from the linked entity, thus enhancing its own brand equity.

## Measuring and interpreting brand performance

Managers must successfully design and implement a brand equity measurement system-> 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 -> there are 3 main steps:

- *Conducting brand equity audits* -> comprehensive examination of a brand to assess its health, uncover its sources of equity, and suggest ways to improve and leverage that equity -> understanding sources of brand equity from the perspective of both the firm and the customer
- *Designing brand tracking studies* -> collect information from consumers on a routine basis over time, through quantitative measures of brand performance on a number of key dimensions identified in the brand audit or other means
- *Establishing a brand equity management system* -> set of organisational processes designed to improve the understanding and use of the brand equity concept within a firm

## 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 over time or over geographical boundaries or multiple market segments.

**Defining brand architecture** -> general guidelines about the branding strategy and which brand elements to apply across all the different products sold by the firm.

*Brand portfolio* -> set of different brands that a particular firm offers for sale to buyers in a particular category

*Brand hierarchy* -> display 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 required taking long-term view of marketing decisions recognising that any changes in the supporting marketing program for a brand may, by changing consumer knowledge, affect the success of future marketing programs -> produce proactive strategies designed to maintain and enhance customer-based brand equity over time and reactive strategies to revitalise a brand that encounters difficulties or problems

**Managing brand equity over geographic boundaries, cultures and market segments** -> we need to recognise and account for different types of consumers when developing branding and marketing programs -> international factors and global branding strategies are particularly relevant.



### Chapter summary

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. 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, organisation, 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 behaviour, 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.



### Unlocking the secrets of Digital Native Brands

Digital Native Vertical Brand (DNVB) are brands that originate online and primarily interact with customers through digital channels, often going *directly to consumers*. Examples include Warby Parker, Dollar Shave Club, and Bonobos. These brands typically *control distribution*, although some may extend to brick-and-mortar stores. DNVBs benefit from the growth of e-commerce and direct-to-consumer retail, which is expected to reach \$16 billion in sales by 2020.

Key characteristics of successful DNVBs include:

1. A focus on customer acquisition through various marketing strategies.
2. Direct sourcing of raw materials.
3. Enhancing customer experience through unique products and exceptional service.
4. Building strong customer relationships via social media and influencers.
5. Direct distribution to consumers, providing benefits such as affinity, cost advantages, better customer experience control, and authentic brand messaging.

Although DNVBs have not yet matched the scale of traditional brands, they *grow quickly*, aided by venture capital, and reach \$100 million in sales faster than traditional brands. Many DNVBs have expanded into *brick-and-mortar stores*, focusing on *showcasing products* rather than large-scale selling, with inventory-free stores that enhance customer engagement.

**Warby Parker**, a notable DNVB, disrupted the eyewear industry by offering affordable eyeglasses online and donating one pair for every pair sold. Warby Parker's success is attributed to its *lifestyle branding, virtual try-ons, exceptional customer service, and social media engagement*. The company's retail stores complement their online presence with a focus on ambiance, customisation, and well-trained salespeople.

The success of DNVBs like **Bonobos** highlights the importance of a *strong, people-centric corporate culture, emphasising employee satisfaction and alignment with brand values*. DNVBs are likely to continue to shape the future of branding, with branding concepts becoming more ingrained in everyday life.

## Chapter 2 - Customer-Based Brand equity and Brand positioning

Positioning -> defining our desired or ideal brand knowledge structures and establishing points-of-parity and points-of-difference to establish the right brand identity and brand image. Unique PODs provide a competitive advantage and the “reason why” customers should buy the brand while some associations can be roughly as favourable as those of competing brands (POPs). These associations are designed to provide “no reason why not” for consumers to choose the brand.

### Customer-based brand equity

CBBE provides a unique point of view on what brand equity is and how it should best be built, measured and managed. CBBE approaches brand equity from the perspective of the consumer (individual or organisation or prospective consumer). Understanding the needs and wants of consumers and organisations and devising products and programs to satisfy them are at the heart



of successful marketing. The power of the brand lies in what customers have learned, felt, seen, and heard about the brand as a result of their experiences over time-> in what resides in the minds and hearts of the customers. Marketers must ensure that customers have the right type of experience with products and services and that the desired thoughts, feelings, images, beliefs, perceptions, opinions and experiences become linked to the brand.

**Customer-based brand equity** -> differential effect that brand knowledge has on customer response to the marketing of that brand -> positive CBBE when customers react more favourably to a product and the way it is marketed when the brand is identified than when it is not -> customer might be more accepting of a new brand extension for a brand with positive CBBE, less sensitive to price increases and withdrawal of advertising support or more willing to seek the brand in a new distribution channel. The concept of customer-based brand equity can be understood through three key components:

1. **Differential Effect** -> Brand equity arises when customer responses to a brand differ from responses to a generic or commodity product. If no differences exist, the product would be treated as a generic, with competition based purely on price.
2. **Brand Knowledge** -> These differences in response stem from the knowledge customers have about the brand, which is shaped by their past experiences, marketing exposure, and other sources of information. While marketing plays a significant role, brand equity ultimately depends on what customers know, feel, and believe about the brand.
3. **Customer Response** -> Brand equity is reflected in how customers perceive and engage with the brand—such as their brand preferences, recall of advertising messages, responses to promotions, and evaluations of potential brand extensions.

An example of customer-based brand equity can be seen in *blind taste tests*, where consumers who know the brand of a product typically report different perceptions compared to those who do not. This demonstrates that brand knowledge *alters customers' perceptions* of the product, even when the actual product is identical. Thus, brand perceptions heavily influence customer experiences, such as how clothes fit, how a car drives, or the perceived waiting time in a bank. Consumer knowledge drives the differences that manifest themselves in terms of brand equity.

**Brands as a reflection of the past** -> Marketers should view the dollars spent on manufacturing and marketing products as investments in *shaping consumer perceptions and experiences with the brand*, rather than simply expenses. However, these investments must be carefully designed and executed to create the *right knowledge structures* in consumers' minds. The quality of investment in brand-building activities is more critical than the quantity of spending, as overspending without effective strategy can be counterproductive. Conversely, some brands, like Netflix, may spend less but still build significant brand equity through marketing that creates lasting, valuable memories in consumers' minds. Netflix has evolved from a DVD rental service to a leading streaming platform, competing with major studios. Its marketing success is fueled by



*understanding customer preferences*, allowing the creation of *personalised content*. Netflix uses innovative tools, such as apps to promote shows like *Stranger Things* and *Black Mirror*. By 2016, it had 93.8 million subscribers, with a notable increase of 20 million that year. The brand's strong customer connection is reflected in the popularisation of terms like "Netflix Binge," demonstrating its cultural impact and success.

**Brands as a direction for the future** -> Brand knowledge plays a critical role in shaping a brand's future, as consumers' perceptions determine the direction a brand can take. The true value of a brand lies in consumers' understanding and *attitudes towards it*, influencing their *acceptance of marketing efforts*. For marketers, brand equity is valuable when used to guide decisions, assess past performance, and design future strategies. Every action a company takes can either strengthen or weaken its brand equity, and successful marketers leverage this concept to clarify and implement effective marketing strategies.

## Brand knowledge

Brand knowledge is the key to creating brand equity, because it creates the differential effect that drives brand equity. Marketers aim to shape this knowledge through marketing activities to build a favourable brand image and strong consumer connections. To understand how brand knowledge functions in consumer memory, the **associative network memory model**, developed by psychologists, is a useful tool. This model conceptualises memory as a network of *nodes* (representing pieces of information or concepts) and *links* (representing the strength of associations between these nodes). Brand knowledge is divided into two key components:

1. **Brand Awareness** -> This refers to the strength of the brand node or trace in consumer memory, which is measured by a consumer's ability to *identify the brand under different conditions*. Brand awareness is crucial in building brand equity, but it's not sufficient on its own. A consumer must also have a strong brand image for the brand to gain a competitive edge.
2. **Brand Image** -> This component reflects consumers' *perceptions of the brand, shaped by the associations they hold in memory*. Brand image is composed of various brand associations -> ideas or attributes linked to the brand node. These associations can take many forms, ranging from product-related features to more abstract associations like emotions, values, or cultural ties. The strength and relevance of these associations influence how a brand is perceived.

For instance, Apple's brand image includes associations such as well-designed, easy-to-use, and leading-edge technology, which are consistently reinforced by their innovative products and marketing. These associations are shared widely among consumers and contribute to Apple's strong brand equity. We need to recognise that this image varies, perhaps even considerably, depending on the consumer or market segment. Understanding and managing brand associations is essential for marketers because they influence consumer preferences and



behaviours. The strength of these associations determines how consumers react to marketing messages, and marketers can use this information to design campaigns that reinforce or reshape the brand image to enhance brand equity.

## Sources of brand equity

CBBE occurs when the consumer has a high level of awareness and familiarity with the brand and holds some strong, favourable and unique brand associations in memory. In *low-involvement decision*, when consumers are willing to base their choices on mere familiarity, brand awareness alone might be enough. However, the strength, favourability, 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 will respond as if the offering were *unbranded*. Marketers must also convince consumers that there are meaningful differences among brands.

Brand awareness -> can be divided into:

- *Brand recognition* -> consumers' ability to confirm prior exposure to the brand when given the brand as a cue (recognise the brand at the supermarket as one to which they have already been exposed)
- *Brand recall* -> consumers' ability to retrieve the brand from memory when given the product category, the need fulfilled by the category or a purchase or usage situation as a cue

Research reveals that many consumer decisions are made at the point of sale where the brand will be physically present and visible -> brand recognition is very important.

On the other hand, if consumer decisions are mostly made in settings away from the point of purchase, brand recall is more important -> critical for service and online brands -> consumer must actively seek the brand and be able to retrieve it from memory when appropriate.

Consumers' brand evaluations and choices still often depend on what they recall about the brand given that are able to recognise it there.

There are several benefits in creating a high level of brand awareness:

1. *Learning advantages* -> Brand awareness helps shape and strengthen brand associations. To build a brand image, marketers must first establish a brand node in consumers' memory, influencing how they retain brand associations. The foundation of brand equity lies in registering the brand in consumers' minds, which is easier with the right brand elements.
2. *Consideration advantages* -> Raising brand awareness increases the chances of a brand being in the consumer's *consideration set* when making purchase decisions. Consumers rarely stay loyal to a single brand but have a few they consider and a smaller set they regularly buy from. Ensuring a brand is in this consideration set reduces the likelihood of competing brands being chosen.
3. *Choice advantages* -> High brand awareness can influence consumer choices, even without strong brand associations. In low-involvement decisions, consumers may prefer familiar



brands over lesser-known ones. The *elaboration-likelihood model* supports this, showing that when consumers have low motivation, knowledge, or opportunity, they may rely on brand awareness alone to make purchase decisions.

1. *Consumer purchase motivation* -> 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 (i.e. products with a high degree of technical sophistication). 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 whichever 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.
3. *Consumer purchase opportunity* -> Even if consumers want to make a good brand choice and know enough to be able to do so, they still may not be able to make a highly involved decision because they *lack the time, energy, or some other factor* necessary to do so. The marketplace itself may present certain barriers to prevent detailed decision-making -> if consumers do not have the opportunity to engage in deliberate, thoughtful evaluation of brand offerings, they may rely on heuristics such as brand awareness to arrive at a brand choice.

**Establishing brand awareness** -> Creating brand awareness involves *increasing familiarity through repeated exposure*, which is more effective for recognition than recall. Consumers register a brand more strongly when they repeatedly see, hear, or think about its elements, such as its name, logo, slogan, or packaging. Marketing tactics like advertising, sponsorships, and promotions enhance awareness. While repetition boosts recognition, improving recall requires *linking the brand to relevant product categories or purchase cues*, often through slogans or jingles. Strong category associations help brands stay *top-of-mind*, especially in competitive markets or during brand extensions and acquisitions. *Shock advertising*, using bizarre or extreme themes, aims to create brand awareness but often *fails to build strong category links or lasting brand equity*. For example, Outpost.com used outrageous ads featuring gerbils shot from cannons and other oddities, but the product itself was not prominent, and the ads sometimes created negative reactions. As a result, potential customers were left confused about what the brand actually represented, making it ineffective for long-term success.



### E\*TRADE

E\*Trade initially built brand recognition with its humorous E\*Trade baby ads, prominently featured in Super Bowl campaigns from 2008 to 2013. As the brand matured, it shifted focus from entertainment to *lead generation and customer loyalty*. Moving away from its playful image, E\*TRADE rebranded as a knowledgeable and trustworthy financial adviser, targeting confident, self-directed investors—its "Type-E" customers. The new advertising approach emphasised cautious planning over humor, aligning with its goal of educating and growing with investors to strengthen its competitive edge.

### Annie's homegrown

Annie's Homegrown built a strong brand image around its mission of promoting health, sustainability, and ethical values. Its "Choose Good" campaign emphasised making *positive choices, aligning with consumer interest in corporate social responsibility*. The brand's unique packaging, organic offerings, and mascot, Bernie the Bunny, helped differentiate it in a market dominated by large corporations like Kraft. Annie's successfully combined comfort foods with ethical values, supporting small farmers and sustainability initiatives. In 2014, General Mills acquired Annie's for \$820 million, part of a broader trend of major food companies acquiring smaller, health-conscious brands. Despite the acquisition, Annie's has maintained its values and market presence in the growing segment of environmentally responsible foods.

**Brand image** -> Once sufficient brand awareness is achieved, marketers shift focus to *crafting a positive brand image*. To do this, the brand needs to establish strong, favourable, and unique associations that are linked to the brand in consumers' memories. These associations can be of two types:

1. *Brand attributes* -> These are the descriptive features of the product or service (e.g., quality, design, price).
2. *Brand benefits* -> These refer to the personal value or meaning consumers attach to the brand's attributes (e.g., convenience, status, or emotional connection).

Consumers form beliefs about a brand's attributes and benefits in various ways, including through *direct experience, online social media, third-party sources* (like reviews, media, or Consumer Reports), *word of mouth*, and even *inferences* they make based on brand elements like the name, logo, or the company's reputation. It's essential for marketers to understand these different sources of brand associations, as they all contribute to the overall perception of the brand. These external influences should be managed effectively and considered when designing communication strategies. Once marketers have a strong understanding of the brand's awareness and image, the next step is to create a *differentiated response* from consumers. This means that the brand must build associations that are not only *favourable* but also *unique and distinct* from competitors. Unique associations are vital because they help consumers make the brand their first choice when considering a purchase. By strategically linking favourable and unique associations to the brand, marketers can establish strong brand equity, which results in better consumer recall, loyalty, and ultimately, a competitive advantage.



**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. We need to consider both the *personal relevance* and the *consistency with which it is presented over time*. Direct experiences create the strongest brand associations, especially when consumers accurately interpret them, and word-of-mouth is particularly important in sectors like restaurants, entertainment, banking, and personal services. Brands like Starbucks, Google, Red Bull, and Amazon built strong brand images largely through word-of-mouth, without relying heavily on advertising. For example, Mike's Hard Lemonade sold 10 million cases without advertising. In contrast, company-influenced sources like advertising tend to create weaker, more easily changeable associations. To address this, marketing programs use *creative communication strategies* that encourage consumers to engage with brand information, reinforcing the brand over time with repeated exposure and multiple retrieval cues.

**Favourability of Brand Associations** -> Marketers create favourable brand associations by demonstrating that a brand has *relevant attributes and benefits that meet consumers' needs*, leading to positive brand judgments. However, not all brand associations are equally important or valued in every situation. Consumers may prioritise different associations based on their *specific needs at the time of purchase or consumption*. For example, while FedEx's fast, reliable, and convenient service is key in certain contexts, the color of its packaging may be less significant. In other situations, consumers might opt for cheaper options, like USPS Priority Mail, even if it's slower.

**Uniqueness of Brand Associations** -> Brand positioning involves establishing a *sustainable competitive advantage or unique selling proposition* that gives consumers a compelling reason to choose a particular brand. Marketers can make this distinction clear through direct comparisons with competitors or by subtly highlighting unique attributes, which may be performance-related or non-performance-related. While unique associations are essential for a brand's success, it is unlikely that a brand will be entirely free of shared associations with competitors. Shared associations help define *category membership and the scope of competition* within a product or service category. These shared associations may include *common beliefs* about category attributes, both performance-related (such as functionality) and non-performance-related (such as color). Consumers may perceive certain attributes as *essential to all brands within a category*, and they often regard a *leading brand as the exemplar of the category*. For example, running shoes are expected to provide support and comfort, with brands like Asics or New Balance seen as representative of the category. Similarly, online retailers like Amazon are viewed as the ideal examples of their category, offering convenient services like easy navigation and secure purchase processes. Because a brand is tied to its product category, it often inherits *category-wide associations*, including specific beliefs or overall attitudes. Product category attitudes can *significantly influence consumer perceptions*; for instance, if consumers have negative attitudes



toward brokerage firms, they may carry these views toward any brokerage house. In most cases, shared category associations are *inevitable*, and the strength of these associations is a key factor in brand awareness.

## Identifying and establishing brand positioning

Brand positioning is at the heart of marketing strategy -> act of designing the company's offer and image so that it occupies a distinct and valued place in the target customer's mind. 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 maximise potential benefit to the firm -> clarify 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.

We need to determine a *frame of reference* (target market and nature of competition) and the optimal POPs and PODs brand associations -> who is the target consumer, the main competitors and how the brand is similar and different from them.

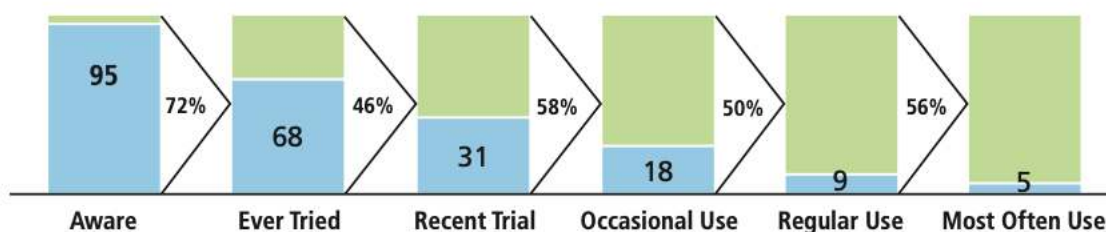
**Target market** -> different consumers may have different brand knowledge structures, perceptions and preferences for the brand and marketers should understand which brand associations should be strongly held, favourable and unique.

**Market** -> 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 behaviour, and who thus require similar marketing programs and tactics -> trade-off between costs and benefits -> finest segmentation = more costs

### Segmentation bases:

- **Behavioural** -> user status, usage rate, usage occasion, brand loyalty, benefits sought -> most valuable in understanding branding issues because they have clearer strategic implications
- **Demographic** -> income, age, sex, race, family
- **Psychographic** -> values, opinions and attitudes, activities and lifestyle
- **Geographic** -> international, regionale
- **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





The classic funnel model maps consumer behaviour from initial brand awareness to frequent usage. Marketers analyse the percentage of consumers at each stage and identify factors that either *facilitate or hinder progression*.

In a hypothetical example, the biggest challenge is converting first-time users into repeat customers, with only 46% making this transition. To improve retention, marketers may need to enhance brand salience or integrate the brand more effectively into consumers' routines.

Consumer segmentation is often based on *behaviour* rather than demographics alone. Companies target specific groups based on factors like usage intensity, brand loyalty, or the relevance of product benefits. For instance, credit card companies tailor offerings to different segments: Discover provides student-focused incentives such as cash-back on relevant purchases and rewards for good grades, while Barclaycard Arrival Plus appeals to seniors who travel frequently by offering double miles on all purchases. Demographic segmentation can sometimes *obscure important differences within target groups*. For example, women aged 40–54 may have vastly different preferences (e.g., Celine Dion vs. Courtney Love fans), and Millennials can be divided into distinct subsegments based on attitudes and lifestyles. A study found significant contrasts between Pro-Millennials in the New Heartland and those on the East and West Coasts, highlighting the need for tailored marketing strategies. While traditional demographic segmentation has been widely used due to established media research, newer approaches emphasise *behavioral and media usage profiling*. Marketers can now target consumers based on their *stage in the purchase journey*. Platforms like Facebook enable *hyper-targeting based on lifestyle, political orientation, and social causes*. This capability has been leveraged for both commercial and political purposes, as seen in the 2016 U.S. presidential election, where targeted messaging, including "fake news," was used to influence perceptions on social issues.

**Criteria** -> a number of criteria have been offered to guide segmentation and target market decisions:

- *identifiability* -> Can we easily identify the segment?
- *Size* -> Is there adequate sales potential in the segment?
- *Accessibility* -> Are specialised distribution outlets and communication media available to reach the segment?
- *Responsiveness* -> How favourably will the segment respond to a tailored marketing program?

The obvious consideration in defining market segments is *profitability*, that in many cases is related to behavioural considerations -> focus on customer lifetime value. CVS developed customer personas to enhance long-term profitability by understanding beauty product preferences at different life stages:

- **Caroline** (20s, single, career-focused, socially active) is a frequent beauty shopper who visits CVS weekly, seeking affordable products to refine her look.
- **Vanessa** (middle-aged, mother of three) prioritises maintaining a youthful appearance but values convenience, such as drive-through pharmacies, due to her busy schedule.



- **Sophie** (older, less focused on beauty) is CVS's most profitable customer, regularly purchasing pharmacy and OTC products.

This segmentation helps CVS tailor offerings and marketing strategies to meet evolving customer needs.

## Nature of competition

Deciding to target a certain type of consumer often defines the nature of competition, because other firms have also decided to target that segment or because consumers in that segment already may look to other brands in their purchase decisions. Competitive analysis considers a whole host of factors (resources, capabilities, intentions of various firms) in order for marketers to choose markets where consumers can be profitably served.

**Indirect competition** -> Marketing strategists emphasise the importance of defining competition broadly. Even if a brand lacks direct competition within its product category, it may still face indirect competition through shared abstract associations. Competition often occurs at the *benefit level* rather than the attribute level. For example, a luxury stereo system may compete with vacations rather than just other audio equipment. Similarly, educational software competes with books, videos, and mobile apps. Many firms *fail to recognise indirect competition*, leading to missed opportunities. For instance, stagnant apparel sales may be due to consumers prioritising home furnishings or electronics instead. Products exist in consumers' minds *hierarchically*, meaning competition can be defined at multiple levels. For example, Dr. Pepper competes with flavoured soft drinks at the *product type level*, all soft drinks at the *category level*, and all beverages at the *class level*.

**Multiple frames of reference** -> Brands often compete across *multiple categories*, requiring them to define *more than one frame of reference*. This can result from broad competition, future brand growth, or functional overlap between different product types. For example, Canon EOS Rebel competes with both digital cameras (e.g., Nikon, Kodak) and smartphone cameras. Features like HD video and easy social media sharing may be advantages against phones but not necessarily against other digital cameras. Since some POPs and PODs are shared across competitors, brands must decide whether to develop a *robust positioning* that works across all frames or *prioritise the most relevant competitors*. However, attempting to appeal to all segments often leads to weak, ineffective positioning. When competing across multiple categories or subcategories, brands may either:

- *Position themselves at a broader category level* (e.g., Starbucks as a quick-serve restaurant or supermarket coffee brand)



- *Compare themselves to specific competitors* in each category (e.g., Starbucks vs. Dunkin' or Starbucks vs. Nescafé)

**POPs and PODs** -> once marketers have fixed the appropriate competitive frame of reference, they can define the basis of the positioning itself by establishing the correct points-of-parity and points-of-difference associations.

**Points-of-difference** -> PODs are attributes or benefits that consumers strongly associate with a brand, positively evaluate and believe that they could not find the same extent with a competitive brand. We can divide the association between functions, performance-related or abstract and imagery-related considerations. Consumers often choose brands based on the *perceived uniqueness* of their associations. Successful brands establish PODs through performance attributes, benefits, or imagery. For example, *IKEA* transformed luxury home furnishings into an affordable mass-market option by offering innovative designs at low prices while requiring customers to assemble their own furniture. Similarly, Subaru has built strong brand loyalty through unique positioning. PODs can be based on:

- *Performance attributes* (e.g., Tesla's autopilot feature)
- *Performance benefits* (e.g., Apple's retina display for picture clarity)
- *Imagery associations* (e.g., Louis Vuitton's luxury and status)
- *Both performance & imagery* (e.g., Singapore Airlines' "A Great Way to Fly")

Some brands differentiate through *superior quality*, while others focus on *low-cost leadership*. To strengthen PODs, brands need *proof points or reasons to believe (RTBs)* that validate their claims. These can include:

- *Functional design* (e.g., unique shaving system for a closer electric shave)
- *Key attributes* (e.g., specialised tire tread for safer driving)
- *Key ingredients* (e.g., fluoride in toothpaste to prevent cavities)
- *Key endorsements* (e.g., recommended by audio engineers for superior sound quality)

Having strong proof points enhances credibility and ensures the *deliverability* of the brand's POD.

**Points-of-parity** -> POPs are not necessarily unique to the brand but may, in fact, be shared with other brands. There are three types:

- *Category Points-of-Parity (POPs)* represent the essential features a brand must have to be considered part of a category. For example, a bank must offer checking and savings accounts, ATMs, and online banking to be seen as a legitimate financial institution. These attributes evolve over time due to *technological, legal, and consumer trends*, but they serve as the *baseline requirements* for competing in a market.



- **Competitive POPs** help neutralise competitors' Points-of-Difference (PODs). If a brand can **match competitors' strengths** while maintaining unique advantages elsewhere, it gains a strong competitive position.
- **Correlational POPs** address negative associations that arise due to positive brand attributes. Many consumer perceptions assume **trade-offs**, such as: A brand cannot be both high-quality and inexpensive, A product cannot be both durable and lightweight, A company with a long heritage might seem outdated rather than experienced

Marketers must carefully manage these trade-offs to create a balanced brand image and effectively position their brand in the market.

POPs are important because they can undermine 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 -> 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. POPs are easier to achieve than PODs, where the brand must demonstrate clear superiority.

## 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** -> choosing to compete in different categories often results in different competitive frames of reference and different POPs and PODs.

Product's category memberships tells consumers about the goal they might achieve by using a product/service even if, for established products/services this is not a focal issue. When launching **new products**, it is crucial to inform consumers of the brand's category membership, as this may not always be obvious. Consumers may also **doubt a brand's legitimacy** within a category, requiring additional efforts to establish **credibility**. For example, Chobani had to prove its authenticity as Greek yogurt, and Yuengling's darker light lager challenged traditional expectations of light beers. Some brands strategically **associate themselves with a different category** to highlight their point-of-difference (POD). For instance, Excedrin positioned itself as "the Headache Medicine" rather than just another pain reliever like Tylenol. However, this approach requires ensuring that consumers still recognise the brand's actual category membership. A best practice in positioning is to first establish category membership before emphasising points-of-difference. Consumers must understand what a brand is before evaluating how it differs from competitors. Brands with limited resources should prioritise category membership before differentiation, while larger brands may run concurrent marketing campaigns for both. There are **three main ways** to convey category membership:

1. **Communicating category benefits** -> Highlighting essential features expected in the category.
2. **Comparing to exemplars** -> Associating with leading brands in the category.



### 3. **Using a product descriptor** → Clearly defining the product's function and identity.

For effective brand positioning, *separating category membership messaging from differentiation efforts* is often more impactful than combining both in a single advertisement.

**Communicating category benefits** → Marketers use benefits to reassure consumers that a brand fulfils the core purpose of its category. These benefits help establish *category points-of-parity without implying brand superiority*. For example, industrial motors may highlight their power to confirm their role in the category, while analgesics might emphasise efficacy to validate their function. Brands can further reinforce category membership through *performance and imagery associations*. A cake mix might demonstrate its place in the cake category by using high-quality ingredients to support its claim of great taste. Similarly, showing consumers enjoying the cake can reinforce its appeal through imagery. This approach helps consumers *trust* that the brand meets *basic category expectations*, paving the way for differentiation through points-of-difference.

**Exemplars** → Brands can strengthen their category membership by aligning with well-established industry names. Tommy Hilfiger gained recognition by associating with renowned American designers, while the National Pork Board positioned pork alongside chicken to enhance its appeal. This strategy leverages the *credibility and familiarity of leading brands* to establish a newcomer's legitimacy within a category.

**Product descriptor** → Product descriptors play a key role in signalling category membership. The product descriptor that follows the brand name is often a very compact means of conveying category origin. USAir rebranded as US Airways to align with major airlines, avoiding associations with smaller carriers. Similarly, Campbell's omitted "carrot" from V8 Splash to emphasise health benefits without negative connotations, while prune growers rebranded as "dried plums" to appeal to younger consumers.

However, category membership alone is *insufficient for strong positioning* → brands must also *differentiate themselves within their category*. New streaming services like Sling and Roku face challenges in distinguishing themselves from established competitors like Netflix and Amazon Prime, highlighting the need for clear points-of-difference.

## **Choosing points-of-difference**

For a brand to stand out, it must provide a *compelling and credible reason for consumers to choose it* over competitors. A strong point-of-difference (POD) must meet three key criteria: *desirability* (from the consumer's perspective), *deliverability* (based on the company's capabilities), and *differentiation* (relative to competitors). Consumers should perceive the attribute or benefit as important, trust the company's ability to provide it, and believe that no other brand offers it to the same degree. When these conditions are met, the brand association becomes strong, favourable, and unique, making it an effective POD.



**Desirability criteria** -> For a point-of-difference (POD) to be effective, it must be *personally relevant and important to consumers*. Brands that align with consumer trends, such as the natural foods movement, often establish strong PODs. However, simply being different is not enough -> the distinction must *hold real value*. For example, various brands once introduced "clear" versions of their products to stand out, but since the attribute lacked meaningful consumer appeal, these products eventually lost market share or disappeared.

**Deliverability criteria** -> A brand's ability to deliver on its point-of-difference (POD) depends on feasibility and communicability. *Feasibility* refers to whether the company can *actually provide the promised benefit*, either through product attributes or long-standing brand associations. For example, Mountain Dew supports its claim of being more energising by highlighting its high caffeine content, while Chanel No. 5 reinforces its elegance through its deep connection to French haute couture. *Communicability* focuses on whether *consumers believe the claim*. Marketers must provide clear, verifiable proof points to support their claims, ensuring they align with existing consumer perceptions. False or misleading claims can lead to legal scrutiny, as seen in the case of POM Wonderful, which was challenged for unsubstantiated health claims about pomegranate juice.

**Differentiation criteria** -> For a point-of-difference (POD) to be effective, it must be *distinctive and superior in the eyes of target consumers*. Successful differentiation should be preemptive, defensible, and difficult to challenge. Strong positioning is sustainable if it can be reinforced over time through internal commitment and resource allocation, as well as by adapting to external market forces. For example, IBM established itself as a leader in cloud computing by targeting underserved small and medium-sized businesses in international markets, following a "Blue Ocean Strategy" to avoid direct competition and create new market opportunities.

**Establishing POPs and PODs** -> Successful branding requires establishing both points-of-parity (POPs) and points-of-difference (PODs). A key challenge in positioning is managing inverse relationships in consumer perceptions, as people often desire conflicting attributes simultaneously. Competitors also tend to differentiate themselves using attributes that negatively correlate with a brand's own PODs. Effective marketing involves *skill-fully managing these trade-offs*. The ideal solution is to create a product that performs well on both conflicting dimensions, such as Gore-Tex, which achieved both breathability and waterproofing through innovation. There are also alternative strategies to address negatively correlated attributes, though they vary in effectiveness and difficulty.



### Positioning Politicians

Political campaigns can be analysed through a branding lens, where name recognition, voter perception, and clear differentiation play crucial roles. Successful candidates establish strong points-of-difference (PODs) while securing necessary points-of-parity (POPs) to appeal to the broad electorate. In past elections, *branding principles have shaped outcomes*. George H.W. Bush's 1988 campaign positioned him as a safe, centrist choice while casting his opponent as a risky liberal. In contrast, the 1992 election saw Bill Clinton focus on the economy as a key POD, while George H.W. Bush failed to counter with a compelling differentiation, leading to his defeat. The lack of clear differentiation also contributed to close or unsuccessful campaigns in 1996, 2000, and 2004. The 2008 Obama campaign was a masterclass in branding, effectively leveraging the themes of hope and change while utilising *multimedia strategies*, including social media, to reinforce his message. His slogans and campaign imagery became cultural symbols, strengthening his brand appeal. The 2016 election further highlighted the power of branding. Donald Trump positioned himself as an outsider challenging the Washington establishment, appealing to middle-income, blue-collar voters in key states. His simple and emotionally resonant slogan, "Make America Great Again," along with his effective use of social media and direct engagement through rallies, reinforced his brand. In contrast, Hillary Clinton's differentiation based on experience failed to connect emotionally with many voters. While Clinton won the popular vote, Trump's strategic branding secured his electoral victory.

**Separate the attributes** -> A costly but potentially effective strategy is running separate marketing campaigns for different brand attributes or benefits. This can help consumers *focus on each benefit individually, reducing the perception of negative correlations*. For example, Head & Shoulders successfully used a dual campaign in Europe: one ad highlighting dandruff removal and another emphasising hair beauty. However, this approach requires developing two strong campaigns, and if the negative correlation isn't directly addressed, consumer perception may not be as positive as intended.

**Leverage equity of another entity** -> brands can link themselves to any kind of entity that possesses the right kind of equity (person, other brand, event...) 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

**Refine the relationship** -> A challenging but powerful strategy to overcome negative attribute relationships is to *reframe them as positive*. Marketers can shift consumer perspectives by *highlighting overlooked factors*. Apple exemplifies this approach, successfully turning potential negatives into strengths. If executed well, this strategy makes attributes mutually reinforcing, but it requires a *compelling and credible narrative* that resonates with consumers.

### Straddle positions

Straddle positioning allows a brand to *compete in two categories by making its points-of-difference in one category serve as points-of-parity in another*. Accenture exemplifies this by balancing strategy and vision against IT expertise, positioning itself between McKinsey and IBM.



While this approach can create a "*best-of-both-worlds*" appeal, it carries risks. If the brand fails to establish credibility in both categories, consumers may *not see it as a legitimate option in either*. Failed attempts, such as certain "phablets" that blurred the line between smartphones and tablets, highlight this challenge.

## Updating positioning over time

Positioning for established brands should rarely undergo fundamental changes, except when *shifts in the market weaken existing points-of-parity (POPs) or points-of-difference (PODs)*. However, positioning naturally evolves over time to address new opportunities or challenges. Brands may *refine, add, or drop certain elements to stay relevant*. Two key strategies in this process are *laddering*, which deepens brand meaning for expansion, and *reacting*, which helps counter competitive threats.

**Laddering** -> move *beyond functional attributes to connect with deeper consumer motivations and values*. Laddering follows a structured path from product attributes (descriptive features) to benefits (personal value) to higher-order values (enduring personal goals or motivations). Maslow's hierarchy of needs provides a useful framework for understanding consumer priorities. Brands can tap into these levels, from:

- basic physiological needs (e.g., food and shelter)
- Safety and security needs (protection, order, stability)
- Social needs (affection, friendship, belonging)
- Ego needs (prestige, status, self-respect)
- Self-actualisation (e.g., personal fulfilment).

For example, a consumer might choose a flavoured chip (attribute) because its strong taste (benefit) helps them eat less, avoid weight gain, and maintain a good figure, ultimately boosting self-esteem (value). Some brands successfully deepen their points-of-difference through laddering. Betty Crocker builds on the warmth of baking to evoke emotional warmth and the joy of sharing food. Volvo and Michelin emphasise safety and peace of mind, Disney focuses on magic and family entertainment, and Nike connects its innovative products to peak athletic performance. These brands move beyond features to create strong emotional associations. However, laddering must be done *strategically*. If a brand becomes *too narrowly associated* with a specific product feature, it may *struggle to adapt to market changes*. For example, Dash detergent was strongly linked to front-loading washing machines, which eventually fell out of fashion, making it difficult for the brand to reposition despite its effectiveness. As brands *expand across product categories*, their meanings may become more *abstract*. While this allows for a broader presence, it is crucial to maintain clear category membership and points-of-parity (POPs) and points-of-difference (PODs) to *avoid consumer confusion*. Successful laddering strengthens brand positioning by creating meaningful connections with consumers that go beyond surface-level attributes.



### Brand Values Pyramid

A study by Almquist, Senior, and Bloch proposes a *brand value pyramid* that categorises 30 elements of brand positioning into four levels: functional, emotional, life-changing, and social impact. This model follows Maslow's hierarchy of needs and shows that companies excelling in at least four elements tend to have higher customer loyalty, stronger net promoter scores, and significantly greater revenue growth.

Examples of such brands include Apple, USAA, TOMS, and Amazon.

Levels of the Brand Value Pyramid:

1. **Functional:** Focuses on efficiency, convenience, and cost savings (e.g., reducing effort, avoiding hassles, improving quality, and organizing information).
2. **Emotional:** Enhances self-esteem and well-being (e.g., reducing anxiety, creating nostalgia, offering entertainment, and promoting wellness).
3. **Life-Changing:** Provides deeper personal benefits (e.g., motivation, self-actualisation, belonging, and hope).
4. **Social Impact:** Represents self-transcendence, where brands contribute to a greater good.

The importance of these elements varies by industry. For instance, *quality* is universally valued, while *sensory appeal* is critical for food and beverages, and *access* matters in financial services. Brands like Zappos excel in functional benefits like saving time, while Netflix outperforms competitors by reducing costs and providing therapeutic value and nostalgia. Companies often enhance their value proposition by adding benefits that improve customer experience. Vanguard introduced automated financial advice to keep clients informed and manage risk. Apple Pay simplified mobile payments for iPhone users, making transactions more seamless. Amazon Prime enhanced convenience and entertainment by offering unlimited two-day shipping along with streaming services. Almquist et al. later extended this model to B2B marketing, identifying value drivers relevant to business customers. Their framework provides a structured approach to understanding and improving value delivery across industries while remaining aligned with Maslow's hierarchy of needs.

**Reacting** -> Competitive actions often aim to *eliminate a brand's points-of-difference by turning them into points-of-parity* or by creating new competitive advantages. Since advantages are often short-lived, brands must decide how to respond. One option is to *do nothing* if the competitor's challenge is unlikely to succeed, allowing the brand to maintain its positioning without major changes. If the threat has some potential impact, a *defensive approach* may be necessary, such as reinforcing brand messaging or strengthening key attributes through advertising. In cases where the competitive action poses a significant risk, an *offensive strategy* may be required, such as repositioning the brand, launching new products, or running aggressive marketing campaigns to redefine its meaning and maintain differentiation. A brand audit can help marketers assess the severity of the competitive threat and the appropriate competitive stance

### Developing a good positioning

A good effective brand positioning balances the present and the future, allowing room for *growth while remaining realistic*. The real trick is to strike just the right balance between what the brand is and what it could be. It must also identify all relevant points-of-parity, as overlooking potential weaknesses can undermine the impact of points-of-difference. Marketers can anticipate key competitive POPs by *analysing competitors' PODs and conducting consumer research*.



Additionally, positioning should be *framed from the consumer's perspective*, emphasising the tangible benefits of a brand's unique attributes rather than just stating them. Finally, a strong positioning strategy should appeal to both *rational and emotional aspects*, ensuring a connection with consumers on both logical and personal levels.

## 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, positioning. 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 mantra** -> short, three- to five-word phrase that captures the *irrefutable essence or spirit of the brand positioning* -> similar to brand essence or core brand promise and the 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. Brand mantras are *essential for maintaining brand consistency and guiding strategic decisions*, from product introductions to marketing campaigns and customer interactions. They act as a *mental filter*, ensuring that all brand-related activities align with its core identity and do not negatively impact customer perceptions. By reinforcing a *consistent image*, brand mantras influence not only direct consumer interactions but also the actions of employees and marketing partners. A strong brand mantra succinctly communicates the brand's essence, helping to keep its *key attributes top-of-mind*. Successful examples, such as those from Nike and Disney, demonstrate the power of a well-crafted mantra in shaping brand identity and equity.



### Nike brand mantra

Nike's strong brand identity is built around the mantra "*authentic athletic performance*," which guides all aspects of its marketing and product development. This three-word mantra ensures that every Nike product and campaign aligns with its *core values of innovation, top athlete sponsorships, competitive drive, and irreverence*. The mantra has influenced Nike's expansion from running shoes to a broad range of athletic apparel and equipment, always maintaining a commitment to innovation that benefits elite athletes. However, Nike has faced challenges when failing to adapt its mantra to different markets, such as its early struggles in Europe, where "authentic athletic performance" had to incorporate soccer. Similarly, the All Conditions Gear (ACG) sub-brand struggled because it didn't fit Nike's inherently competitive positioning.

### Disney brand mantra

Disney developed its brand mantra, "*fun family entertainment*," in response to the overexposure and inappropriate use of its characters during the mid-1980s. The company conducted a *brand audit and consumer research to assess the impact of its extensive licensing and product development*. The findings revealed that consumers felt Disney was overexploiting its characters, which led to a negative perception of the brand. As a result, Disney established a brand equity team to ensure consistency in its image and carefully evaluate future licensing opportunities. The brand mantra was used to screen *potential ventures, rejecting opportunities that did not align with Disney's core values*, such as a proposed co-branding with a mutual fund.

Brand mantras are succinct phrases or statements that capture the essence of a brand, summarising what the brand stands for, its unique qualities, and the experiences or benefits it offers to consumers. They function as *internal guiding principles*, helping to direct marketing, product development, and consumer interactions with the brand. A well-constructed brand mantra typically consists of three key components: the brand function term, the descriptive modifier, and the emotional modifier.

**Brand functions** -> core nature of the product or service offered by the brand. It can be *concrete* (e.g., Nike's focus on athletic performance) or more *abstract* (e.g., Disney's focus on entertainment, specifically family entertainment). This term reflects what the brand essentially provides to the consumer and delineates the *brand's boundaries*. For example, Nike focuses on "athletic" performance, whereas Disney is associated with "family" entertainment. The function term helps to clearly define the *type of benefit the brand delivers*.

**Descriptive modifier** -> The descriptive modifier refines the nature of the brand function term. It adds *specificity*, ensuring that the brand's identity is *distinct and well understood*. For instance, Nike's function is not just "performance," but specifically "athletic performance," making it clear that the brand is focused on sports and physical activities rather than other types of performance (e.g., artistic). Similarly, Disney's "family entertainment" is clarified by its focus on the family and



possibly the "magical" experiences the brand offers, further distinguishing it from other types of entertainment, such as adult-themed or non-family-friendly content.

**Emotional modifier** -> The emotional modifier adds another layer, specifying how the brand *delivers benefits to its consumers emotionally*. This part of the mantra addresses the *deeper connection* consumers feel with the brand. For example, Nike's brand mantra taps into the emotional drive of athletes, emphasising motivation and the pursuit of excellence. Disney's brand mantra, on the other hand, evokes feelings of joy, wonder, and nostalgia by focusing on "magical" family experiences.

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. 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. 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 *alongside brand positioning*, as both involve an in-depth analysis of the brand. While brand positioning typically comes from audits or similar activities, brand mantras require more *internal input and a broader perspective from employees*. It's crucial to examine how each employee influences the brand's equity and how they can contribute positively to the brand's success. A brand mantra should:

- *Communicate* -> Define the brand's category and what sets it apart.
- *Simplify* -> Be memorable, short, crisp, and vivid, ideally in three words, to convey the essence of the brand.
- *Inspire* -> Tap into a deeper meaning, motivating employees and being relevant to them, as well as to consumers.

Though concise, a brand mantra often needs further clarification. Words in the mantra, like "fun" or "family" in Disney's case, can have multiple interpretations, so it's important to provide additional details to strengthen its meaning.



### Branding inside the organisation

Brand mantras emphasise the importance of internal branding, ensuring that *employees are aligned with the brand and its values*. While much of branding literature focuses on external strategies for managing brand equity with customers, internal branding is just as crucial. Employees, especially in service companies, need a *deep and up-to-date understanding of the brand*. Companies like Panda Express and Singapore Airlines invest heavily in employee training to improve both job performance and personal development. Panda Express supports staff with resources for health and communication skills, believing that happier, healthier employees lead to better business outcomes. Singapore Airlines provides extensive training, including cultural sensitivity and customer interaction skills, which contributes to its high service standards. Ultimately, internal branding, including *open communication* with employees and programs like B2E (business-to-employee), is key for motivating staff and attracting customers. Disney exemplifies this, with its Disney Institute offering seminars on its brand principles. Internal branding should be a critical management focus for both employee engagement and customer satisfaction.

### Chapter Summary

Customer-based brand equity refers to the *effect that brand knowledge has on consumer responses to marketing efforts*. A brand achieves positive customer-based brand equity when consumers react more favourably to its product and marketing when the brand is identified. Brand knowledge is defined as a network of associations in memory, and it consists of two key components: brand awareness and brand image.

*Brand awareness* measures the strength of a brand's presence in memory, including both its depth (how easily consumers recognise or recall it) and breadth (the variety of situations in which the brand comes to mind). *Brand image* reflects consumer perceptions of the brand, formed by the associations in memory.

Customer-based brand equity is achieved when a brand has high awareness, familiarity, and strong, favourable, and unique associations in memory. In low-involvement situations, brand awareness alone can influence consumer response, but in other cases, the strength and favourability of brand associations are crucial.

For effective brand positioning, marketers must define the target market, identify competitors, and determine the optimal points-of-parity (common associations shared with competitors) and points-of-difference (unique, favourable associations). Points-of-parity ensure the brand is credible within its category, while points-of-difference offer a competitive edge.

Lastly, a brand mantra, a short phrase summarising the brand's essence, helps ensure that all employees and partners understand and communicate the brand's core values consistently.

These elements—brand positioning, points-of-parity, points-of-difference, and the brand mantra—form the foundation for creating strong brand equity.





### The marketing advantages of strong brands

Customer-based brand equity (CBBE) occurs when consumer responses to marketing efforts differ based on brand knowledge. Strong CBBE provides numerous benefits, including *increased revenue, lower costs, brand loyalty, resilience to crises, and marketing advantages*.

#### Key Benefits of Strong Brand Equity:

##### 1. Greater Loyalty and Resistance to Competitive Actions

- Consumers with strong brand associations perceive higher quality and are more likely to purchase.
- Brand familiarity increases confidence and purchase intent, even mitigating negative experiences.
- Market leaders tend to have more loyal customers, a phenomenon known as "double jeopardy."
- Strong brands can endure crises, as seen with Johnson & Johnson's Tylenol and Toyota's ability to recover from safety concerns.
- Effective crisis management (swift response and transparency) is more credible when backed by strong brand equity.

##### 2. Ability to Command Higher Prices (Larger Margins)

- Brands with strong equity can charge a premium while maintaining customer loyalty.
- Consumers are less sensitive to price increases but respond positively to discounts.
- Research shows leading brands attract customers from smaller competitors while resisting price competition.
- However, loyal customers may expect lower prices, requiring alternative reward strategies (e.g., exclusive services).

##### 3. Stronger Trade Relationships and Retail Support

- Retailers and wholesalers prioritise strong brands, offering better shelf placement and lower slotting fees.
- Positive brand perception leads to less reliance on manufacturer-driven promotions.

##### 4. More Effective Marketing Communications

- Familiar brands require less advertising to maintain consumer awareness.
- Consumers are more receptive to ads, promotions, and sales communications.
- Strong brands are less vulnerable to ad interference from competitors and negative effects of ad repetition.
- Studies show leading brands, like Budweiser, can maintain sales even when advertising is reduced.

##### 5. Opportunities for Brand Licensing and Extensions

- Strong brands can extend into new product categories more successfully (e.g., line extensions, new markets).
- Licensing allows brands to generate revenue by lending their name and reputation to other products.
- Research indicates that well-known brands can extend into more diverse categories without diluting brand equity.

##### 6. Additional Corporate Benefits

- Strong brands attract better employees, increase investor interest, and improve shareholder confidence.
- Brand equity has been linked to higher corporate stock prices.

#### Conclusion:

Strong customer-based brand equity provides *long-term competitive advantages*, including customer loyalty, pricing power, marketing efficiency, and expansion opportunities. Companies that invest in brand equity benefit from higher profitability, market resilience, and stronger stakeholder support.



## Chapter 3 - Brand Resonance and the Brand Value Chain

**Brand resonance model** -> how to create intense, active loyalty relationships with customer -> how brand poisoning affects what consumers think, feel and do and the degree to which they resonate or connect with a brand

**Brand value chain model** -> 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 -> based on CBBE, offers a holistic, integrated approach to understanding how brands create value

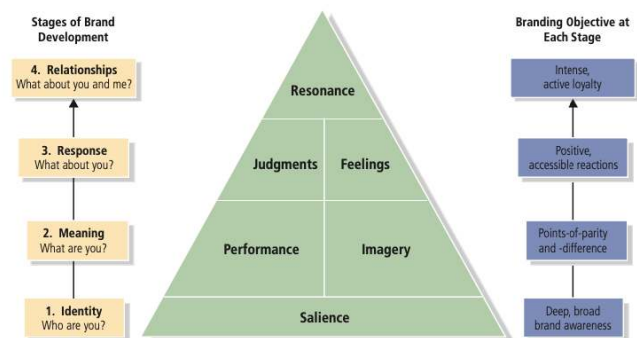
### Building a strong brand

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.

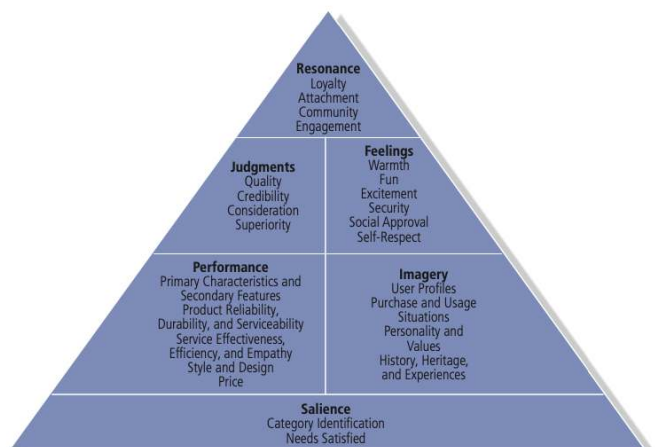
1. Ensure identification of the brand with customers and an association of the brand in customers' minds with a specific product class, product benefit, or customer need -> "who are you?" -> *brand identity*
2. Firmly establish the totality of brand meaning in the minds of customers by strategically linking a host of tangible and intangible brand associations -> "what are you?" -> *brand meaning*
3. Elicit the proper customer responses to the brand -> "what about you? What do I think or feel about you?" -> *brand responses*
4. Convert brand responses to create brand resonance and an intense, active loyalty relationship between customers and the brand -> "What about you and me? What kind of association and how much of a connection would I like to have with you?" -> *brand relationships*

**Branding ladder** -> 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 -> brand building blocks

**FIGURE 3-1**  
Brand Resonance Pyramid



**FIGURE 3-2**  
Subdimensions of Brand Building Blocks





**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 the brand is top-of-mind and easily recalled or recognised. Brand awareness refers to a customer's ability to recall and recognise a brand across different situations. It connects brand elements (name, logo, symbols) to specific associations in memory, helping consumers understand the brand's product category and purpose. Key aspects of brand awareness comprehend:

1. **Depth of Awareness** -> Measures how easily a brand comes to mind. A brand with strong recall has deeper awareness than one recognised only when seen.
2. **Breadth of Awareness** -> Measures how many different purchase and usage situations trigger brand recall, influenced by how brand knowledge is stored in memory.

A well-established brand awareness ensures that consumers recognise the brand, associate it with relevant needs, and recall it in appropriate buying situations.

**Product category structure** -> how product categories are organised in memory. Products are typically structured in a *hierarchical fashion*, with broad classifications at the top (e.g., beverages) and specific brands at the bottom.

1. **Highest Level** -> Product class (e.g., beverages).
2. **Next Level** -> Product categories (flavoured vs. non-flavoured).
3. **Further Levels** -> Subcategories such as alcoholic vs. nonalcoholic, then specific types (e.g., soda, juice, beer).

Consumers make *top-down decisions*, first choosing a broad category (e.g., flavoured drinks), then narrowing down to specific options (e.g., soda, then Coke). The depth of brand awareness determines how easily a brand comes to mind while the breadth of brand awareness refers to the variety of situations in which the brand is recalled. i.e. Soft drinks, like Coke, have high breadth of awareness, making them relevant in many consumption situations, while other beverages (e.g., milk, alcohol) are recalled in fewer contexts. Effective brand awareness ensures that a brand is *both easily remembered and relevant across multiple situations*, influencing consumer choices. Brand awareness is not just about being easily recalled but also about *being associated with the right situations*. A brand must not only come to mind frequently but also at the *right times and places* where consumers might consider using it. Many brands struggle not with recall but with ensuring that consumers *think of them in relevant contexts*. Rather than attempting to change consumer attitudes, a more effective strategy for driving sales is to increase brand salience by expanding the breadth of brand awareness. Many brands could benefit from *expanding their perceived usage occasions* rather than solely focusing on improving consumer attitudes. A highly salient brand is one that has both depth and breadth of brand awareness, ensuring it remains a natural choice for consumers across various situations. However, brand salience alone is not enough to build strong brand equity. Consumers also consider the *brand's meaning*, which



involves the brand's identity, associations, and emotional or symbolic significance. Brand meaning consists of two main components: brand performance and brand imagery. *Brand performance* reflects how well a product meets functional needs, while *brand imagery* is shaped by consumer perceptions, emotions, and symbolic associations. These associations can form through direct experiences, such as using the product, or through indirect influences like advertising and word-of-mouth. Establishing strong brand meaning ensures that consumers not only think of a brand frequently but also perceive it in a way that *aligns with their needs and values*.

### Campbell's soup

Campbell's Soup has long used advertising to emphasise taste and nutrition, with slogans like "Mmm, Mmm, Good" and "Never Underestimate the Power of Soup." However, a key challenge in increasing sales is not just changing consumer attitudes but ensuring that soup comes to mind in more meal occasions. Many consumers simply do not think of using soup as often as they could. In 2010, Campbell's launched the "It's Amazing What Soup Can Do" campaign to position soup as a *versatile food option, showcasing its use beyond a simple meal*—such as a pairing, a sauce, or an ingredient in recipes. Rather than persuading consumers to like the brand more, Campbell's focused on *reminding those who already had a favourable attitude toward soup to consider it in a broader range of situations*. More recently, Campbell's has further expanded this strategy with campaigns that integrate real-life scenarios. Ads have depicted families responding to everyday events, such as a mother buying extra soup after hearing a storm forecast. This approach aligns with Campbell's tagline, "Made for Real, Real Life," and reinforces its corporate purpose of providing "real food that matters for life's moments." By increasing the breadth of brand awareness, Campbell's strengthens its association with a variety of consumption occasions, making it a more relevant and frequent choice for consumers.

**Brand performance** -> The *product itself is central to brand equity*, as it shapes consumer experiences, influences word-of-mouth, and serves as the foundation for brand messaging. To build brand loyalty and resonance, a product must *meet or exceed consumer expectations*, regardless of whether it is a tangible good, service, organisation, or individual. Research consistently shows that high-quality brands perform better financially and yield higher returns on investment.



## Subway

Subway's success exemplifies the *power of strong product positioning*. By emphasising both taste and health, Subway differentiated itself from fast-food giants like McDonald's and Burger King while also competing with health-focused restaurants. This dual positioning helped the brand establish itself as a leader in the quick-service restaurant industry. One of Subway's most successful product innovations was the \$5 footlong sandwich, an idea that originated from a franchise owner in Miami. This offering resonated with cost-conscious consumers during the recession, *delivering both value and satisfaction*. The campaign's success allowed Subway to expand its market reach and attract a broader customer base, reinforcing its brand strength and competitive advantage.

The brand performance describes how well the product or service meets customers' more functional needs. It transcends the product's ingredients and features to include dimensions that differentiate the brand. Five important types of attributes and benefits often underlie brand performance:

1. *Primary ingredient and supplementary features* -> Customers perceive product ingredients and features at different levels (low to very high). Some attributes are essential for functionality, while others are supplementary, enhancing customisation and versatility. These features vary across product and service categories.
2. *Product reliability, durability and serviceability* -> *Reliability* refers to consistent performance over time and across purchases. *Durability* represents the product's expected economic lifespan. *Serviceability* is the ease of repair if needed. Product performance perceptions are influenced by factors such as delivery speed and accuracy, installation quality, customer service responsiveness, and repair service efficiency.
3. *Service effectiveness, efficiency and empathy* -> *effectiveness* reflects how well a brand meets customer service needs. *Service efficiency* refers to the speed and responsiveness of service. *Service empathy* measures how much service providers are perceived as caring, trustworthy, and customer-focused.
4. *Style and design* -> *Functionality*: Design influences how well a product works, impacting performance perceptions. *Aesthetics*: Consumers associate products with visual elements like size, shape, materials, and color. *Sensory appeal*: Performance can also be shaped by how a product looks, feels, sounds, or even smells.
5. *Price* -> *Price perception*: Consumers associate price with a brand's affordability or exclusivity. *Discounting impact*: Frequent or substantial discounts influence brand value perception. *Market positioning*: Price helps consumers categorise brands within different price tiers.



**Brand imagery** -> depends on the extrinsic properties of the product/service, including how the brand attempts to meet customers' psychological or social needs -> way of thinking a brand abstractly -> intangible aspects and associations related to experience or advertising or other sounders of information. The main kinds of intangible that can be linked to a brand are:

1. **User profiles** -> Brand imagery associations often relate to the type of person or organisation that uses the brand. These associations can be based on *actual users or aspirational, idealised users*. Consumers form these perceptions through *demographic factors* such as gender, age, race, and income. For example, Venus razors and Secret deodorant are seen as feminine, while Gillette razors and Axe deodorant have masculine associations. Beyond demographics, *psychographic factors* also shape brand imagery. These factors include attitudes toward life, careers, possessions, and social or political issues. A brand user might be perceived as rebellious or, conversely, as traditional and conservative. In business-to-business contexts, user imagery may relate to the *size or reputation of an organisation*. For instance, Microsoft is often seen as aggressive, while Cisco is viewed as a technology leader. Additionally, a brand's *perceived popularity* can enhance its image, making it seem widely accepted and dominant in the market.
2. **Purchase and usage situations** -> Brand associations help consumers understand *when and where to purchase and use a brand*. These associations can be linked to sales channels, specific retailers, ease of purchase, and any rewards offered. They also relate to usage situations, such as time of day, location, and type of activity. For instance, pizza chains historically had strong associations with their primary service models—Domino's with delivery, Little Caesars with takeout, and Pizza Hut with dine-in—but have since diversified to compete in multiple areas.
3. **Personality and values** -> Brands can develop personality traits or human values through consumer experiences and marketing activities. These personalities can reflect qualities like being modern, lively, old-fashioned, or exotic. Brand personalities are typically categorised into five dimensions: *sincerity, excitement, competence, sophistication, and ruggedness*, each with its own sub-traits. Brand personality is shaped by various marketing elements, especially advertising, where the depiction of users, usage situations, and emotions can influence consumers' perceptions of the brand. Once a brand develops a personality, it becomes difficult for consumers to accept information that contradicts that image. However, brand personality and user imagery may not always align, especially when performance attributes are more important, such as with food products. When user imagery is crucial, such as with cars or cosmetics, brand personality and imagery are often closely connected. Consumers tend to choose brands that *match their self-concept or ideal image*, especially for publicly consumed goods where signalling is important.



4. *History, heritage and user experiences* -> Brands can develop associations related to their history, notable events, and personal experiences, which may be either individual or widely shared. These associations can come from various aspects of the brand, such as its *marketing, packaging, endorsements, or the country where it is made*. Retro-themed packaging and advertising are often used to appeal to older demographics, such as baby boomers. Brands with a rich history can leverage this to build *trust*, as seen with Northern Trust, which highlighted its 130 years of experience to reinforce stability during a recession. Over time, these historical associations can contribute to a brand becoming *iconic*, tapping into consumers' deeper emotions and aspirations. Additionally, the overall customer experience can become a key part of a brand's image.

Ultimately, brand associations can be categorised by *strength, favourability, and uniqueness*, with these factors being critical in building strong brand equity and fostering brand loyalty. Creating strong, favourable, and unique associations is a real challenge to marketers, but essential to building customer-based brand equity. 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, regarding whether they arise from the head or the heart.

#### How customer experience define a brand

Amazon is recognised as one of the most relevant brands due to its *exceptional customer experience*, which is carefully designed across all aspects of the customer journey, from order placement to product returns. A key strategy is *investing in technology*, such as smart speakers and tablets, to better understand customer needs. Alexa, powered by artificial intelligence and machine learning, enhances this experience by *personalising interactions*. Another major factor is Amazon Prime, offering free two-day shipping, which leads Prime members to spend significantly more than regular customers. This focus on seamless experiences is not unique to Amazon. Digital-only brands like Uber, Spotify, and Zappos have transformed customer interactions into *effortless and unique experiences*. A notable example is Zappos, where an employee personally returned a mistakenly shipped jewellery box, demonstrating the company's customer-first approach. Similarly, Southwest Airlines has redefined airline customer service by empowering employees to resolve issues efficiently, such as replacing damaged luggage on the spot. These examples highlight how exceptional customer experiences are integral to brand identity and loyalty.

**Brand judgement** -> customers' personal opinions about and evaluations of the brand, which consumers form by putting together all the different brand performance and imagery associations. There are four types of judgements that are particularly important:

1. **Brand quality** -> Brand attitudes reflect consumers' *overall evaluations* of a brand and play a crucial role in brand choice. These attitudes are shaped by specific attributes and benefits, such as Hilton Hotels' associations with location, room comfort, service quality, and pricing.



Among the various attitudes consumers hold, *perceived quality, customer value, and satisfaction* are the most influential. Brand equity is often measured by perceived quality, familiarity, and consideration. The Harris Interactive EquiTrend study evaluates over 4,000 brands annually based on these factors, determining a Brand Equity rating. Top-ranking brands receive the Harris Poll EquiTrend “Brand of the Year” award, highlighting their strong consumer recognition and preference.

2. **Brand credibility** -> Customers form judgments about a brand based on the credibility of the company behind it, which is measured through *expertise, trustworthiness, and likability*. Expertise reflects competence and innovation, trustworthiness indicates dependability and customer focus, and likability determines whether the brand is engaging and enjoyable. FedEx exemplifies brand credibility through its emphasis on speed, skill, and reliability in shipping. Campaigns like "Solutions That Matter" showcase problem-solving capabilities, while humor in Super Bowl ads enhances likability. The company strengthens engagement through social media and content marketing, such as its "In the Wild" Instagram campaign, which significantly boosted its following. By delivering reliable service and using creative marketing, FedEx successfully builds credibility across all three dimensions.
3. **Brand consideration** -> Consideration is influenced by how *personally relevant* the brand is to customers and plays a crucial role in building brand equity. Regardless of how highly a brand is regarded, if customers do not see it as relevant, they will not engage with it. Strong and favourable brand associations are key to ensuring brand consideration and making it a meaningful choice for consumers.
4. **Brand superiority** -> Superiority measures the extent to which customers view the brand as unique and better than other brands. It is critical to building intense and active relationships with customers and depends to a great degree on the number and nature of unique associations that make up the brand image

**Brand feelings** -> emotional responses and social perceptions customers associate with a brand. These emotions can range from *mild to intense* and may be *positive or negative*. Strong emotional connections can elevate a brand beyond mere respect to becoming a "**trustmark**" or even a "**lovemark**," as argued by Kevin Roberts of Saatchi & Saatchi. Transformational advertising plays a role in shaping these emotions by altering consumers' perceptions of their experience with a brand, such as Corona Extra's “beach in a bottle” campaign. There are six key types of brand-building feelings:

- *warmth* (evoking calmness and affection)
- *fun* (creating amusement and joy)
- *excitement* (generating energy and thrill)
- *security* (providing safety and comfort)
- *social approval* (enhancing reputation and acceptance)



- *self-respect* (boosting pride and fulfilment).

These feelings fall into two categories—*experiential and immediate* (warmth, fun, excitement) or *private and enduring* (security, social approval, self-respect). Together, these emotional connections strengthen brand loyalty and influence consumer behaviour.

**Brand resonance** -> nature of the relationship and the extent to which customers feel that they are in sync with the brand (I.e. Harley-Davidson, Apple and Amazon). It's characterised in terms of *intensity* (depth of the psychological bond that the customers have with the brand) and 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 divide brand resonance into:

1. **Behavioural loyalty** -> frequency and volume of repeat purchases a brand receives within its category. Strong behavioral loyalty contributes significantly to a brand's profitability by ensuring consistent sales and market share. The lifetime value of loyal customers can be substantial; for instance, a General Motors customer could be worth \$276,000 over their lifetime, while parents purchasing diapers and wipes could generate up to \$3,000 per child.
2. **Attitudinal attachment** -> deep personal attachment, where customers see the brand as special and meaningful. Mere satisfaction does not ensure loyalty -> Xerox found that customers who were merely "satisfied" were much more likely to switch to competitors than those who were fully satisfied. Building stronger loyalty involves creating deeper emotional connections through marketing and exceptional products or services, leading to attitudinal loyalty and brand evangelism.
3. **Sense of community** -> customers feel connected to other users, employees, or the company itself. This community can exist online or offline and strengthens loyalty by creating a shared identity. Strong brand communities enhance favourable attitudes and increase customer commitment.
4. **Active engagement** -> The strongest form of brand loyalty is customer engagement, where individuals invest time, energy, or money beyond purchasing the product. This includes joining *brand-related clubs, staying updated, and interacting with other users*. Companies encourage this by offering branded merchandise, allowing customers to express their loyalty. BMW, for example, expanded its brand presence through a lifestyle division selling mobility products and branded items, generating additional revenue while strengthening customer attachment -> customers themselves became brand evangelists and ambassadors and helped communicate about the brand and strengthen the brand ties of others.



### Building brand communities

Harley-Davidson fosters strong brand loyalty through the Harley Owners Group (H.O.G.), a global community with over 1 million members by 2017. For \$49 per year, members enjoy benefits such as customisation options, a magazine subscription, roadside assistance, and exclusive programs like Fly & Ride. Beyond perks, H.O.G. strengthens engagement by supporting causes like the Wounded Warriors Project and facilitating shared experiences among riders. The brand maintains an extensive website with club information, events, and a members-only section, reinforcing community and loyalty.

Sephora has built a vibrant online brand community called BeautyTalk, where users create accounts linked to social profiles and loyalty cards, allowing the brand to understand shopping habits. They also launched "Beauty Insiders," a platform where members design personal makeup profiles, join groups, and interact with experts. The community encourages the sharing of beauty tips, product recommendations, and real-time feedback on purchases. Sephora's interactive features, including the Beauty Board and the Sephora App, foster engagement and build a strong network of beauty enthusiasts.

Jeep fosters a strong brand community through local enthusiast clubs and its official Jeep Jamborees, which offer off-road adventures for Jeep owners and families at 34 U.S. locations. Additionally, the "My Jeep Story" digital campaign encouraged customers to share their personal stories and experiences with the brand on social media platforms like Instagram, Facebook, and Twitter. This initiative allowed Jeep to engage with customers and celebrate its 75th anniversary. By involving loyal users in brand storytelling, Jeep increased customer engagement and built a sense of community. The brand ranks highly on the "Participation Brand Index" (PBI), demonstrating its ability to make customers feel connected and act as brand ambassadors.

In short, brand resonance and the relationship consumers have with brands have two dimensions:

- *Intensity* -> strength of the attitudinal attachment and sense of community
- *Activity* -> how frequently the consumers buy and use the brand as well as engage in other activities not related to purchase and consumption

### Brand-Building implications

The brand resonance model offers a framework for brand building, helping brands *assess their progress and guide marketing research efforts*. It aids in brand tracking by providing quantitative measures to evaluate brand-building success.

**Customers own the brands** -> the true measure of the strength of a brand is the way consumers think, feel and act with respect to the brand -> strongest brands are the one for which consumers become evangelists -> the power of the brand and its ultimate value to the firm reside with customers. 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.

**Don't take shortcuts with brands** -> The brand resonance model emphasises that building a strong brand requires a systematic, *step-by-step approach*, with no shortcuts. A great brand is built through a series of *linked steps* that marketers must recognise and prioritise to achieve brand equity. The time needed to build a strong brand depends on creating sufficient awareness and



### I. Saliency

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 really like to post comments about this brand on social media.  
I visit the brand's Facebook page regularly.  
I like to visit the Web site for this brand.  
Compared with other people, I follow news about this brand closely.

It should be recognized that the core brand values at the bottom two levels of the pyramid—brand saliency, performance, and imagery—are typically more idiosyncratic and unique to a product and service category than other brand values.

understanding, which forms the foundation for strong beliefs and attitudes. While brand awareness can be established quickly, skipping this step can hinder long-term success. Even if initial customer loyalty is achieved without deep emotional connection, the full brand-building process must be followed to create true brand resonance.

**Brands should have a duality** -> The brand resonance model highlights that strong brands appeal to *both the rational and emotional sides of consumers*, blending product performance with emotional imagery. This duality creates a comprehensive brand experience that satisfies both *utilitarian and psychological needs*, strengthening the brand's position and reducing vulnerability to competitors. A McKinsey study found that brands with both physical and emotional benefits deliver greater shareholder value, especially when the two are linked. MasterCard exemplifies this duality by emphasising both the practical benefits of its card (global acceptance) and emotional

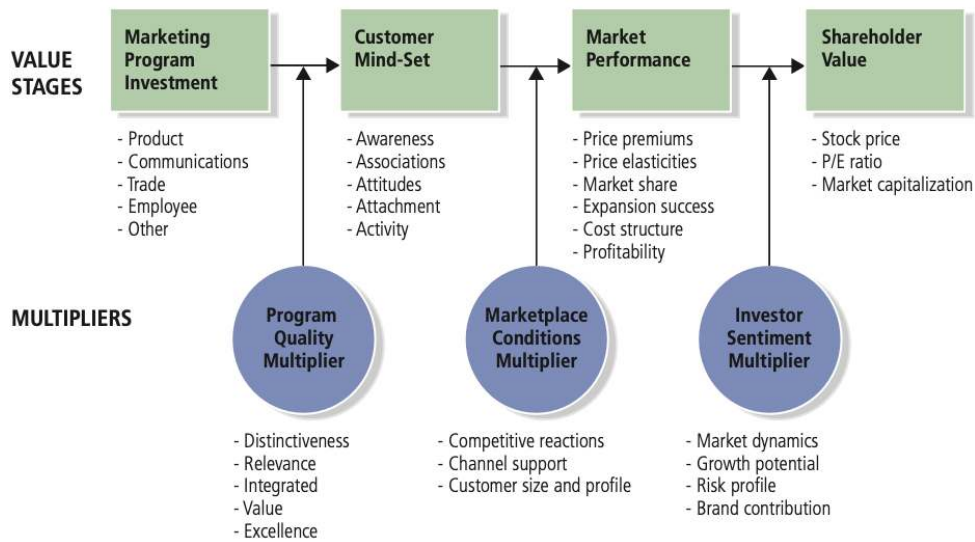


benefits through its iconic "Priceless" campaign. The campaign portrays real-life moments that balance practical purchases with emotional experiences, such as a father bonding with his son at a baseball game. The campaign's success has led to its adaptation across various cultures and extended into digital and social media, further enhancing brand engagement.

**Brands should have richness** -> The brand resonance model emphasises the many ways brands can create *meaningful connections* with consumers, building strong bonds through various associations. Strong brands possess both *breadth* (diverse attributes) and *depth* (richness in meaning). However, brands don't need to excel in every dimension. Building blocks in brand development often follow a hierarchy: brand awareness starts with category identification, brand performance begins with core features, and brand imagery evolves from concrete to abstract associations. Brand judgments progress from quality perceptions to superiority, and brand feelings start with basic emotions before deepening. Ultimately, brand resonance progresses from behavioral loyalty to attitudinal attachment and community, leading to active engagement.

**Brand resonance provides important focus** -> Brand resonance is the ultimate goal of the brand resonance model and should guide marketing decisions. Marketers should focus on how their activities *impact key aspects of brand resonance*, such as consumer loyalty, attachment, community, and engagement. The key question is whether marketing efforts are creating the right brand performance, imagery, judgments, and feelings to support and strengthen these dimensions of brand resonance.

**Customer networks strengthen brand resonance** -> Customer networks, particularly on digital platforms, have become crucial for building brand resonance. While the concept has existed for years (e.g., Amway's customer-to-customer interactions), digital native brands leverage these networks to *attract new customers and deepen relationships*. Referrals from peers are often more effective than traditional advertising, and platforms allow for *co-creation* of products and content, which strengthens consumer-brand connections. However, not all brands will achieve the same level of resonance due to factors like product type or consumer characteristics. Some brands naturally have more resonance potential, and marketers can enhance brand resonance by understanding the brand's role and taking a broader view of brand loyalty.



### How digital platform-based brands create customer engagement

Grubhub, a digital food delivery service since 2004, has succeeded in a competitive market by leveraging four key strategies. First, it promotes the restaurants in its network, generating goodwill that benefits both the eateries and Grubhub. Second, it uses customer data to personalise the user experience across the entire journey. Third, Grubhub redefined its mission, focusing on creating quality experiences and moments rather than just delivering food. Lastly, it segments users into different personas, customising the delivery experience to meet various needs. These strategies help Grubhub attract new customers and retain existing ones, contributing to its brand success.

TripAdvisor, the world's largest travel site with over \$1.2 billion in revenue, uses four main strategies to strengthen its brand. First, it focuses on deeply understanding customers' motivations and pain points to offer a more empathetic experience. Second, it encourages customer participation by asking for insights and promoting user-generated content. Third, TripAdvisor leverages technology and data-driven insights to optimise marketing and improve return-on-investment (ROI). Fourth, it personalises communication based on customer data, such as offering tailored recommendations via its mobile app. By continuously evolving its brand strategy, TripAdvisor effectively builds lasting consumer-brand relationships.

### The brand value chain

The brand value chain is a structured approach to assessing the *sources and outcomes of brand equity*, helping to understand the ROI of marketing investments. It starts with marketing activities targeting customers (stage 1), which then affect customer mindsets and perceptions (stage 2). This customer response influences brand performance in the marketplace, such as sales and pricing (stage 3). Finally, the investment community evaluates this market performance to determine shareholder value and the brand's worth (stage 4).

The process is influenced by three multipliers: the *program quality multiplier*, the *marketplace conditions multiplier*, and the *investor sentiment multiplier*. These factors determine how well value created at each stage is transferred to the next, ultimately shaping brand success.



Brand value creation begins with marketing activity by the firm

**Marketing program investment** -> The first value stage in the brand value chain involves any marketing program investment that contributes to brand value development, whether intentional or not. These activities include *product research, development, design, trade support, marketing communications* (such as advertising and promotions), and *employee training*. However, a large investment does not guarantee success; the effectiveness of the investment in transferring value down the chain depends on the quality of the marketing program and the program quality multiplier.

**Program quality multiplier** -> The ability of a marketing program to affect the customer mind-set depends on its quality, which can be assessed using the acronym DRIVE:

1. **Distinctiveness**: How unique and creative is the program?
2. **Relevance**: How meaningful and appealing is it to customers?
3. **Integrated**: How well the program is coordinated and evolves over time?
4. **Value**: How much short-term and long-term value does it create?
5. **Excellence**: Does the program meet high standards and reflect best practices?

A well-integrated, relevant, and unique marketing program is likely to generate a *higher return on investment*. Expensive marketing efforts can fail if they are poorly conceived and targeted, as seen with brands like Michelob and 7Up.

**Customer Mind-set** -> all the thoughts, feelings, experiences, images, perceptions, beliefs, and attitudes customers have toward a brand. The *5 As* provide key measures of this mind-set, as highlighted in the brand resonance model:

1. **Brand Awareness**: The ease with which customers recall and recognise the brand and its products/services.



2. **Brand Associations:** The strength, favourability, and uniqueness of the brand's perceived attributes and benefits.
3. **Brand Attitudes:** Overall evaluations of the brand's quality and customer satisfaction.
4. **Brand Attachment:** The degree of loyalty and emotional connection customers feel toward the brand, including their resistance to change.
5. **Brand Activity:** How much customers engage with the brand, including usage, discussions, and seeking out brand information or events.

These dimensions are connected hierarchically, with awareness supporting associations, leading to attitudes, and culminating in attachment and activity. Building brand value requires deep awareness, favourable and unique associations, positive judgments, strong attachment, and high activity. This customer mind-set is essential for brand equity but also depends on *external marketplace conditions* to create value in the marketplace.

**Marketplace conditions multiplier** -> The impact of customer-created value on market performance is influenced by three external factors:

1. **Competitive Superiority:** How effective are competing brands' marketing efforts?
2. **Channel and Intermediary Support:** The level of brand reinforcement and selling efforts from marketing partners.
3. **Customer Size and Profile:** The number and type of customers attracted to the brand, as well as their profitability.

Value in the customer's mind will lead to favourable market performance if competitors are weak, channel partners offer strong support, and the brand attracts a large, profitable customer base.

*Competitive context significantly affects brand success*, as seen with Nike and McDonald's benefiting from rivals' struggles, while MasterCard faced challenges competing with Visa and American Express despite strong marketing campaigns.

**Market performance** -> The customer mind-set influences key outcomes in the marketplace:

1. **Price Premiums and Elasticities:** Determines how much more customers are willing to pay for a branded product and how their demand changes with price fluctuations.
2. **Market Share:** Measures brand sales success and the effectiveness of the marketing program.
3. **Brand Expansion:** Reflects the brand's ability to support extensions, new products, and enhance the revenue stream.
4. **Cost Structure:** Reduces marketing costs as customers are already familiar with and favourably view the brand, making marketing efforts more effective.
5. **Profitability:** These outcomes collectively contribute to brand profitability.

The final stage, brand value reaching stock market valuation, depends on the investor sentiment multiplier, which is influenced by external factors.



**Investor sentiment 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 market as a whole (interest rate, 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?

The value the brand creates in the marketplace is most likely fully reflected in shareholder value when the firm is operating in a *healthy industry* without serious environmental hindrances or barriers, and when the brand contributes a significant portion of the firm's revenues and appears to have bright prospects. Some brands initially benefited from *strong market multipliers*, as seen with dot-com companies like Pets.com, eToys, Boo.com, and Webvan. However, their inflated valuations quickly collapsed, leading to the downfall of some businesses. *Competitive threats* also challenge firms, as seen with Dropbox, which pioneered online storage but now faces competition from tech giants like Google, Apple, and Microsoft. Conversely, some companies struggle with *market undervaluation*, as exemplified by Corning, which has shifted from cookware to high-tech industries but still faces outdated investor perceptions.

**Shareholder value** -> Financial markets evaluate a brand's value using *current and forecasted data*, influencing key financial indicators such as stock price, price/earnings multiple, and market capitalisation. Research indicates that strong brands not only generate higher returns for shareholders but also do so with *reduced risk*.

**Implications** -> marketers create value first by shrewd investment in their marketing program and then by maximising, as much as possible, the program, customer, and market multipliers. Different organizational roles focus on distinct stages -> marketing managers on customer perception, CMOs on market performance, and CEOs on shareholder value. Value creation begins with a *well-funded and well-executed marketing program*, but external factors like investor sentiment can impact outcomes. The brand value chain also provides a structured approach to *tracking value creation through research, market data, and investor analysis*. Additionally, feedback loops, non-sequential value creation, long-term marketing effects, and variations in brand impact further refine the model's applicability.



### Chapter summary

Brand planning is supported by three interconnected models that qualitatively guide marketing strategies and quantitatively assess their impact. These models include the *brand positioning model*, the *brand resonance model*, and the *brand value chain model*. The brand resonance model outlines four steps for building a strong brand: establishing brand identity, creating brand meaning, eliciting brand responses, and fostering brand relationships. These steps require the development of six brand-building blocks: *brand salience, brand performance, brand imagery, brand judgments, brand feelings, and brand resonance*. The highest level of brand strength, brand resonance, is achieved when customers develop deep loyalty and actively engage with the brand. This results in benefits such as price premiums and more effective marketing. The brand value chain model explains how marketing investments contribute to brand value by *influencing customer perceptions* and *financial performance*. It assumes that value creation begins with marketing investments, which impact the customer *mind-set* -> a combination of brand awareness, associations, attitudes, attachment, and engagement. This, in turn, affects market performance metrics such as price premiums, market share, and profitability. The financial marketplace then evaluates the brand's worth using key indicators like stock price, price/earnings multiple, and market capitalisation. The model also identifies three multipliers—program, customer, and market multipliers—which determine how effectively value transfers between stages. These linking factors influence the ultimate financial impact of brand-building efforts. Once brand planning is established, marketers can implement *brand-building strategies*, as outlined in later chapters, to enhance or sustain brand equity.



### Creating customer value

Many firms are increasingly prioritising the financial value of their customers and tailoring marketing programs to maximise this value. Strong customer-brand relationships are fundamental to brand resonance and overall brand strength. The customer-based brand equity model emphasises that a brand's power lies in the perceptions and emotions of consumers. However, companies that fail to maintain a customer-centric approach often suffer consequences. Even major corporations can falter in this regard. While companies like Apple, Samsung, and GE have consistently focused on customer needs, others, such as Hewlett-Packard (HP), have struggled. Once an industry leader, HP shifted its focus to efficiency and cost-cutting post-2000, which, along with frequent leadership changes, led to a decline in customer-driven innovation and financial performance. Recognising the financial importance of customer experience, many firms are now refining their strategies to better evaluate and enhance customer value. Many firms implement customer relationship marketing programs to enhance interactions and maximise customer value. The concept of *customer equity*, defined as the sum of customers' lifetime values (CLV) guides firms in balancing *customer acquisition, retention, and cross-selling* to optimise financial outcomes.

There are several key approaches:

- Blattberg and Deighton emphasise the balance between customer acquisition and retention, advocating for a focus on maximising customer equity through targeted investments in high-value customers and strategic marketing adjustments.
- Rust, Zeithaml, and Lemon define customer equity as the discounted lifetime value of a firm's customer base, driven by:
  - *Value equity* (objective assessment based on price, quality, and convenience)
  - *Brand equity* (subjective customer perceptions, brand awareness, and attitudes)
  - *Relationship equity* (customer loyalty programs, brand engagement, and retention efforts).
- Kumar and colleagues explore how marketing spending affects CLV, showing that selecting customers based on CLV leads to higher future profits.

*Linking Customer Equity to Firm Value* -> Studies have shown that customer equity correlates with stock market capitalisation. Metrics like customer referral value (CRV) highlight the role of word-of-mouth marketing in influencing a firm's valuation.

*Customer Equity vs. Brand Equity* -> While customer equity focuses on financial value and retention, brand equity emphasises brand perception, awareness, and strategic positioning. The two concepts are complementary: brands attract customers, and customers drive brand success.

*Reconciling Both Perspectives* -> Effective marketing balances brand and customer management. Firms that strategically align brand equity with customer equity can achieve long-term profitability by ensuring both strong brand positioning and customer-driven financial growth.

## Chapter 4 - Choosing Brand elements to build brand equity

Brand elements (brand identities) -> trademarkable devices that serve to identify and differentiate the brand -> brand names, URLs, logos, symbols, characters, spokespeople, slogans, jingles, packages and signage -> marketers should choose brand elements to enhance brand awareness, facilitate the formation of brand associations or elicit positive brand judgements and feelings. The test of the brand-building ability of a brand element is what *consumers would think or feel about the product if they knew only that particular brand element* and not anything else about the product and how else it would be branded or marketed.

### Criteria for choosing brand elements

There are six criteria for brand elements:

1. **Memorability** -> easily recognised, easily recalled -> high level of brand awareness



2. **Meaningfulness** -> descriptive, persuasive -> there are two important criteria are how well the brand element conveys the following:
  - *General information about the function of the product or service* -> how likely is that a consumer could correctly identify the product category for the brand based on any one brand element? -> brand awareness and salience
  - *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? -> brand image and positioning
  
3. **Likability** -> fun and interesting, rich visual and verbal imagery, aesthetically pleasing -> A memorable, meaningful, and likeable set of brand elements offers many advantages because consumers often do not examine much information in making product decisions -> reduce the burden of marketing communications to build awareness and link brand associations and equity, especially when few other product-related associations exist. 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 the brand
  
4. **Transferability** -> within and across product categories, across geographic boundaries and cultures -> extent to which the brand element adds to the brand equity for new products or in new markets for the brand or across geographic boundaries and market segments -> the less specialised the name, the more easily it can be transferred across categories (i.e. Amazon is more flexible than Books”R”Us), the main advantages of non-meaningful, synthetic names is that they transfer well into other languages. To avoid complications related to translations of names and logo, companies must review all their brand elements for cultural meaning before introducing the brand into a new market
  
5. **Adaptability** -> flexible, updatable -> due to changes in consumer values and opinions, or just to remain contemporary, most brand elements must be updated -> the more adaptable and flexible the brand element, the easier it is to update it (new design or look to logos to make them appear more modern and relevant) -> I.e. Michelin modernised its iconic mascot, Bibendum, making him slimmer and more expressive to reflect leadership and trust. A symbol of the brand for over a century, he evolved from a passive figure to an active problem solver in advertising. Since 2009, campaigns have highlighted his role in real-world scenarios, reinforcing Michelin’s commitment to safety, innovation, and customer benefits.
  
6. **Protectability** -> legally, competitively -> extent to which the brand element is protectable -> marketers should choose brand elements that can be legally protected internationally, formally register them with the appropriate legal bodies and vigorously defend trademarks from authorised competitive infringement -> if the name, package, or other attribute is too



easily copied, much of the uniqueness of the brand may disappear. Marketers need to reduce the likelihood that competitors can create a derivative based on the product's own elements.

### Counterfeit business is booming

The global counterfeit market, estimated at \$600 billion, poses a severe threat to businesses and consumers alike, with U.S. companies alone suffering annual losses of \$460 billion. Counterfeiting affects a wide range of industries, including luxury goods, electronics, and pharmaceuticals. The latter is particularly concerning, as counterfeit medications such as antimalarial drugs and antibiotics not only cut into pharmaceutical profits but also endanger lives due to poor manufacturing standards.

The expansion of e-commerce has made counterfeit products more accessible, with many fraudulent goods being sold on platforms such as AliExpress, Amazon, and Facebook Marketplace. China accounts for 63% of counterfeit goods entering the U.S., while other major sources include Turkey, Thailand, India, and parts of Southeast Asia and Latin America. Counterfeiting operations are backed by various entities, including local entrepreneurs, organized crime groups, and businesses investing in overseas production.

Despite law enforcement efforts, counterfeit goods remain highly profitable with relatively low legal risks. In many countries, convicted counterfeiters face minimal fines, making the trade as lucrative as drug trafficking but far less dangerous. Some companies are taking direct action against counterfeiters by targeting end consumers and supply chain participants, while others, such as Louis Vuitton, are working with property owners to prevent the sale of fake goods.

Advancements in artificial intelligence (AI) and machine learning have both helped and hindered the fight against counterfeiting. While counterfeiters leverage technology to quickly replicate new products, companies like Entrupy and Red Points use AI-driven authentication tools to detect fakes with high accuracy.

Interestingly, some research suggests counterfeiting may not always harm brands. While some consumers continuously purchase fakes, others, after experiencing the lower quality of counterfeit goods, are ultimately motivated to buy the authentic versions. This effect is particularly notable in high-fashion products and emerging luxury brands, where counterfeit exposure can create aspirational demand for genuine items.

## Options and tactics for brand elements

The name "Apple" exemplifies an *effective brand name* for a personal computer. It is simple, widely recognised, and distinctive within its product category, facilitating brand awareness. The name conveys a warm and approachable brand personality, is visually adaptable across different cultures, and provides a strong foundation for sub-brands such as Macintosh, aiding brand extensions. This demonstrates how a well-chosen name can *significantly contribute to brand equity*. An ideal brand element, particularly a brand name, should be *memorable, suggestive of the product category and its benefits*, creatively engaging, adaptable across products and regions, enduring over time, and legally protectable. However, it is challenging to meet all these *criteria simultaneously*. A highly meaningful name may be harder to extend into new product categories or translate across cultures. Consequently, brands benefit from employing *multiple brand elements* to enhance recognition and adaptability.



**Brand names** -> it captures the central theme or key associations of a product in a very compact and economical fashion -> extremely effective shorthand means of communication since customers can notice the brand name and register its meaning or activate it in memory in just few seconds. It is the most difficult element for marketers to change since it is closely tied to the product in the minds of consumers.

A study by Millward Brown found that replacing a brand name can lead to an *immediate sales decline* of 5 to 20 percent, with the new brand image often being weaker than the original. Consequently, companies conduct thorough research before selecting a name. However, mistakes can still occur, as seen in the case of the Silicon Valley start-up Bodega, whose name sparked controversy due to cultural misappropriation. Brand name creation is challenging. Although English has 140,000 words, branding experts typically focus on the 7,000 most commonly recognised in media and advertising. Despite this, the high volume of trademark registrations makes securing a unique and legally available name a lengthy and difficult process, leaving many companies frustrated by the scarcity of desirable options.

*Naming guidelines* -> Choosing a brand name is both an art and a science. Brand names can be *descriptive* (Sleep Inn), *evocative* (Quicken Loans), *personality-driven* (Snapple), *synthetic* (Verizon), or based on a *founder's name* (Dyson). Regardless of the strategy, an effective brand name should meet six key criteria: memorability, meaningfulness, likability, transferability, adaptability, and protectability.

*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

*Simplicity and easy of pronunciation and spelling* -> A well-designed brand name simplifies *consumer recognition*, making it easier to process and recall. Short names such as Apple, Raid, and Bic are memorable due to their *brevity*. Longer names often undergo *informal abbreviation* (Coca-Cola becomes "Coke," Chevrolet turns into "Chevy," and Budweiser is known as "Bud") to facilitate brand recall and usage in casual conversations. Pronunciation plays a vital role in a brand's success. Consumers may avoid saying names they *struggle to pronounce*, such as Hyundai, Shiseido, or Façonnable, which can *limit word-of-mouth marketing*. To address this challenge, some brands, like Wyborowa vodka, have launched marketing campaigns to teach consumers the *correct pronunciation*, crucial for industries where verbal requests drive sales. Similarly, Honda's "Acura" faced initial pronunciation issues in the U.S. market, as its spelling deviated from standard English phonetics, making "Accura" a potentially more intuitive alternative. Brand perception can also be *influenced by pronunciation*. Studies have shown that names like Vaner, Randal, and Massin are perceived as more pleasurable when spoken in French rather than English. This suggests that phonetic appeal can shape consumer attitudes toward a brand. Marketers enhance memorability and recall by using linguistic techniques. **Alliteration** (Coleco),



**assonance** (Ramada), **consonance** (Hamburger Helper), and **rhythm** (Better Business Bureau) create a pleasing auditory effect that aids recognition. **Onomatopoeic** brand names, such as Sizzler, Cap'n Crunch, Ping, and Schweppes, reinforce brand identity by mimicking relevant sounds associated with their products. These strategies contribute to strong brand associations, improving consumer engagement and loyalty.

*Familiarity and meaningfulness* -> A brand name should be familiar and meaningful to leverage *existing consumer knowledge and enhance memorability*. It can be either concrete or abstract, but names associated with *recognisable entities*, such as people, animals, or objects, require less cognitive effort for consumers to understand. This pre-existing familiarity facilitates quicker brand recognition and recall. For instance, a car named "Fiesta" benefits from the word's prior presence in consumers' memory, making it easier to remember. To strengthen brand-category associations, a brand name may also *suggest the product or service it represents*, as seen with Netflix (video streaming), TripAdvisor (travel advisory), and Ticketron (ticket sales). However, while descriptive names can enhance clarity, they may also be restrictive, limiting future brand extensions. For example, expanding a soft drink line under the name "Juicy Juice" might prove challenging due to its strong association with fruit-based beverages.

*Differentiated, distinctive and unique* -> brand names should be different, distinctive and unusual since recognition depends on consumers' ability to discriminate between brands, and more complex brand names are more easily distinguished. Moreover, distinctive names make it easier for consumers to learn intrinsic product information. Brand names can be both inherently unique or unique in the context of other brands in the category. Distinctive brand names can be *uncommon words, unique word combinations, or entirely invented terms*, but they must remain pronounceable and credible within their industry. While uniqueness aids recognition, it must also align with consumer appeal. Smucker's jelly exemplifies turning a potentially unappealing name into a strength through clever branding.

*Brand associations* -> Brand names are powerful communication tools that convey both *explicit and implicit meanings*, influencing consumer perception and brand positioning. A well-chosen name can *reinforce key attributes or benefits associated with a product*. For example, Skype evolved from "Sky peer-to-peer" to "Skyper" and was eventually shortened to its more user-friendly final form due to domain availability constraints. Similarly, Colgate's disposable toothbrush was named "Wisp" after extensive linguistic research, emphasising the product's lightness and convenience. *Descriptive brand names*, such as Joy for dishwashing liquid or Obsession for perfume, make it easier for consumers to *connect the brand with its intended attributes*. However, such names can create *challenges if repositioning becomes necessary*. For instance, a laundry detergent named Blossom may effectively communicate freshness but could struggle to reposition itself as a stain-fighting product. Overcoming these associations requires significant time and marketing efforts, as demonstrated by Southwest Airlines, which successfully



expanded its brand beyond its original regional identity. Even *made-up brand names can carry meaning when constructed systematically*. Consumers can extract associations from arbitrary names, as studies have shown that words like "whummies" and "quax" remind them of breakfast cereals, while "dehax" suggests laundry detergent. This effect is partly due to *morphemes*, the smallest units of meaning in language. Many brands, such as Nissan's Sentra, combine morphemes to create names with subtle but recognisable connotations. Linguistic characteristics play a crucial role in brand perception. *Plosive sounds* (e.g., B, K, P, T) create sharper, more direct impressions, making names more recognisable and concrete, while *sibilants* (e.g., S, C) have a softer, more elegant appeal, often used for luxury products like perfumes (e.g., Chanel, Shalimar). Even individual letters can influence perception, as seen with the letter "X," which is commonly associated with extreme sports and cutting-edge technology (e.g., X Games, Nissan Xterra). Research also suggests that consumers may subconsciously *prefer brand names containing letters from their own names*. Beyond letters, alphanumeric brand names provide additional branding strategies. Names like WD-40 and Formula 409 incorporate numbers to imply *technical precision or product formulations*, while brands like BMW use numerical sequences to designate product generations or hierarchy. *Fonts and logotypes* further shape consumer impressions, reinforcing a brand's identity through visual representation. Overall, creating an effective brand name requires a *balance between distinctiveness, meaning, and adaptability*. While a well-chosen name enhances recognition and consumer connection, it must also allow for potential repositioning to maintain long-term relevance in a competitive market.

*Naming procedures* -> most marketers adopt a procedure something along the following lines:

1. **Define objectives** -> Establish branding goals based on six general criteria, particularly focusing on the ideal meaning the brand should convey. Consider its place within the corporate brand hierarchy and its role in the overall marketing strategy. Existing brand names may sometimes be leveraged.
2. **Generate Names** -> Develop a wide range of potential names using various sources, including employees, customers, suppliers, advertising agencies, and professional naming consultants. This step may yield hundreds or thousands of options.
3. **Screen Initial Candidates** -> Evaluate potential names against branding objectives and common-sense criteria, eliminating those with unintended meanings, pronunciation issues, legal conflicts, or contradictions with the brand's positioning. A preliminary legal check helps further refine the list.
4. **Study Candidate Names** -> Conduct an in-depth analysis of the final 5 to 10 names, including extensive international legal searches to avoid trademark conflicts. This process is done sequentially, testing names across different markets.
5. **Research Final Candidates** -> Perform consumer research to assess the memorability and relevance of the shortlisted names. This may involve simulating real-world marketing conditions, including packaging, pricing, and advertising, to gauge consumer response.



Factors such as regional and ethnic appeal, repeated exposure, and differences in spoken versus written formats are considered.

6. **Select the Final Name** → Based on all collected data, management selects the name that best aligns with branding and marketing objectives, ensuring formal trademark registration.

It is natural for some consumers to have initial negative reactions to a new brand name due to *unfamiliarity or deviation from norms*. However, unless these concerns are severe, they typically diminish after the brand's market introduction.

#### **Scoot**

Singapore Airlines launched Scoot in June 2012 to meet the rising demand for low-cost, long-distance air travel, initially serving cities in Australia and China. The airline adopted a *fun, energetic, and unconventional* branding approach, appointing local agencies Sparkfury and Tangoshark to shape its identity. The name "Scoot" was chosen for its *short, catchy, and distinctive* appeal. CEO Campbell Wilson introduced the concept of "*scootitude*", representing the airline's unique attitude in customer service, operations, and market differentiation. The brand's vibrant yellow logo conveys warmth and informality, with a tilted "t" adding a rebellious touch. The aircraft design, featuring yellow waves, enhances the sense of motion and youthfulness, while the crew's yellow uniforms ensure a *cohesive brand experience*.

**URLs** → URLs, or domain names, specify web page locations and must be registered and purchased. Due to high demand, most common words and three-letter combinations have been registered, often forcing companies to *create unique brand names to secure a matching domain* (e.g., Accenture). A key challenge for brands is protecting their domain names from unauthorised use. Companies can take legal action, purchase disputed domains, or preemptively register variations of their brand name. **Cybersquatting**, where individuals register domain names with bad-faith intent to profit from trademarks, has become increasingly prevalent. Trademark holders can seek *legal remedies* through the World Intellectual Property Organisation (WIPO), but legal battles can be costly, as seen with Panasonic, Avon, and Hertz. A notable case involved the Academy Awards suing GoDaddy over domains resembling its trademark (e.g., *2011Oscars.com*), but the court ruled in favour of GoDaddy, highlighting the challenge brands face in enforcing trademark protection. Similarly, Louis Vuitton won a lawsuit against a South Korean restaurant using a name and logo mimicking its brand, emphasising the importance of *avoiding brand confusion*. **Spoofing** has emerged as a related issue, where scammers create *fraudulent websites mimicking luxury brand domains* (e.g., *Hermes-bag.us* or *Chamel.us*) to deceive consumers, steal credit card data, or sell counterfeit goods. Research shows that luxury brands like Chanel, Gucci, and Louis Vuitton are frequently targeted. **Phishing**, a form of email spoofing, also threatens brands such as eBay, PayPal, and Amazon by impersonating them to steal consumer information. To combat these threats, brands can issue *cease-and-desist letters*, pursue legal action under laws like the Anti-cybersquatting Consumer Protection Act (ACPA) or Uniform Domain-Name Dispute-Resolution Policy (UDRP), and maintain constant vigilance to protect brand equity and consumer trust.



## Logos and symbols

While a brand name is a central element of branding, *visual elements* such as logos play a crucial role in building brand equity and awareness. Logos have historically been used to signify *origin, ownership, or association*, as seen in family crests and national emblems like the Hapsburg eagle. Logos vary in form, ranging from *word marks* (text-based brand names like Coca-Cola, Dunhill, and Kit Kat) to *abstract symbols* (e.g., the Mercedes star, Nike swoosh, Rolex crown, CBS eye, and Olympic rings). Some logos are *literal representations* of the brand name, enhancing recognition, such as Arm & Hammer, Apple, and the American Red Cross. Others incorporate *pictorial elements*, like the American Express centurion, Morton Salt girl, and Ralph Lauren polo player. Certain *physical elements*, such as the McDonald's golden arches and Goodyear blimp, have also become strong brand symbols. In some cases, logos communicate *brand benefits* -> i.e. WhatsApp logo integrates a landline phone to represent communication, while Amazon's smile-shaped arrow suggests customer satisfaction and its ability to supply products from A to Z. *Abstract logos* can be highly distinctive and recognisable, but they may lack inherent meaning, requiring strong marketing efforts to educate consumers. Additionally, consumers may *interpret abstract logo shapes differently*, influencing their perception of the brand.

*Benefits* -> Logos and symbols are important elements in branding, as they provide a *recognisable way to identify products and companies*. While logos are easily recognised, consumers may not always associate them with a specific product or brand. Many brands use symbols to communicate ideas such as strength or security, like Prudential's Rock of Gibraltar or Allstate's "good hands." Logos offer significant branding advantages because they are *versatile and nonverbal*, making them easily transferable across cultures and product categories. This versatility allows corporate brands to endorse various sub-brands, although it is important to carefully consider the prominence of logos, especially in the context of luxury products. Abstract

Criterion	Brand Element				
	Brand Names and URLs	Logos and Symbols	Characters	Slogans and Jingles	Packaging and Signage
Memorability	Can be chosen to enhance brand recall and recognition	Generally more useful for brand recognition	Generally more useful for brand recognition	Can be chosen to enhance brand recall and recognition	Generally more useful for brand recognition
Meaningfulness	Can reinforce almost any type of association, although sometimes only indirectly	Can reinforce almost any type of association, although sometimes only indirectly	Generally more useful for non-product-related imagery and brand personality	Can convey almost any type of association explicitly	Can convey almost any type of association explicitly
Likability	Can evoke much verbal imagery	Can provoke visual appeal	Can generate human qualities	Can evoke much verbal imagery	Can combine visual and verbal appeal
Transferability	Can be somewhat limited	Excellent	Can be somewhat limited	Can be somewhat limited	Good
Adaptability	Difficult	Can typically be redesigned	Can sometimes be redesigned	Can be modified	Can typically be redesigned
Protectability	Generally good, but with limits	Excellent	Excellent	Excellent	Can be closely copied



logos are particularly useful when brand names are long or cumbersome. For example, National Westminster Bank in the UK adopted a triangular logo to simplify branding while using the shortened name "NatWest." Logos can also be *adapted over time to maintain a modern appearance*, as seen when John Deere updated its deer logo to symbolise strength and agility in 2000. Studies of top brand logos reveal patterns in design, with many logos featuring a *single color*, often red or blue, and a *horizontal aspect ratio*. In recent years, brands like Instagram, Uber, and Google have updated their logos to enhance their appeal, leading to a significant increase in consumer engagement, known as "*branding seconds*" (percentage of people who saw the logotype multiplied by the average time spent on it). However, rebranding is expensive, with costs for a major logo redesign typically reaching around \$1 million.

## Characters

Brand characters are a unique form of brand symbols that *embody human or real-life traits and are often introduced through advertising*. They can play a significant role in advertising campaigns and product packaging. Examples of brand characters include animated figures like Tony the Tiger, Snap, Crackle, and Pop, as well as live-action personas such as Ronald McDonald and Juan Valdez. The key benefit of brand characters lies in their ability to *attract attention, enhance brand awareness, and communicate core product benefits*. For instance, Maytag's "Lonely Repairman" emphasised the brand's reliability for years. The human or relatable aspect of brand characters fosters consumer connection, making the brand more *likeable and interesting*. Furthermore, unlike human spokespeople, brand characters do not age or require pay increases, though there have been exceptions, such as Aflac firing the voice of its duck character due to controversial remarks made by the actor. Brand characters also offer *flexibility*, as they can be easily *transferred across different product categories*. The Keebler elf, for example, helped position the brand to extend into various baked goods. Moreover, popular characters can become *valuable licensing properties*, generating direct revenue and enhancing brand visibility. However, there are some potential drawbacks. Brand characters, if too attention-grabbing, may *overshadow other brand elements and hinder brand recognition*. A notable example is the Energizer Bunny, whose popularity initially led to confusion with a competitor's brand. Over time, however, the Energizer Bunny became iconic, reinforcing product longevity. Characters also need to be *updated periodically to remain relevant to the target market*. Japan's Hello Kitty, for example, maintained its appeal through extensive licensing agreements and targeted marketing strategies. Lastly, characters that are too realistic or culturally specific may require significant updates or face challenges when expanded to international markets. Fictitious or animated characters tend to have a more *timeless and enduring appeal*.



### SoftBank's Otosan, the talking dog

SoftBank, a Japanese telecom company, gained prominence after introducing its mascot, Otosan, in 2007. Otosan, a talking snow-white dog, played a pivotal role in the success of SoftBank's White Family Plan, which offered free calls within families. The character became widely recognized and beloved, appearing in over 100 TV commercials and earning the company numerous awards from 2007 to 2011. Otosan's popularity aligned with SoftBank's growth under founder Masayoshi Son, transforming the company from a software distributor to a global conglomerate. The character's enduring appeal has helped maintain SoftBank's dynamic brand image and strong market presence.

## Slogans

Slogans are short, *concise phrases used to communicate descriptive or persuasive messages about a brand*, often appearing in advertising, packaging, and other marketing materials. They serve as *effective branding tools*, building brand equity by acting as *memorable hooks* that help consumers understand a brand's identity and its unique qualities. Slogans encapsulate the essence of a marketing program in a few words, such as State Farm's "Like a Good Neighbour, State Farm Is There," which conveys dependability and friendliness. Slogans can *enhance brand awareness*, often by linking the brand to its product category, like Lifetime's "Television for Women." They can also reinforce brand positioning, as seen with Staples' "That Was Easy." Additionally, slogans can carry *deeper meanings*, as demonstrated by the Singapore Tourist Board's slogan, "Passion made possible," which also translates to "Lion City" in Chinese, appealing to Chinese tourists. Often associated with advertising campaigns, slogans also serve as taglines that *summarise the ad's message*. For example, DeBeers's "A Diamond Is Forever" conveys the lasting value of diamonds, while Dollar Shave Club's "Shave Time. Shave Money" emphasises affordability. While brand slogans tend to be more enduring, campaign-specific taglines, like Nike's varied slogans for different events, are used to *refresh the brand message and maintain its relevance*.

*Designing slogans* -> Powerful slogans contribute significantly to brand equity by enhancing brand awareness and shaping its image. They often *incorporate the brand name*, as seen with Maybelline's "Maybe She's Born with It, Maybe It's Maybelline" or Quaker State's "The Big Q Stands for Quality," building both *recognition and a positive brand perception*. Slogans may also convey *product-related messages*, combining performance and aspirational values, such as Champion's "It Takes a Little More to Make a Champion," which suggests both superior product quality and an association with elite athletes. Brands like Benetton have leveraged slogans such as "United Colors of Benetton" to strengthen their identity. Similarly, Browhaus, a brow- and lash-grooming salon, employed a creative play on words with its "Eye Eye Captain" campaign to promote waterproof makeup. This fun and memorable slogan, paired with a visual demonstration of the product's durability, effectively reinforced the brand's image.



*Updating slogans* -> Some slogans become so strongly associated with a brand that *introducing new ones becomes challenging*. For example, 7UP struggled to replace its iconic “Uncola” slogan, attempting several different successors over the years, but none were as successful. A slogan that becomes deeply embedded in a brand’s identity can *limit the brand's ability to evolve or refresh its image*. While successful slogans often gain widespread recognition and can become *catchphrases*, they can also become overexposed, losing their original meaning and reducing their impact. Once a slogan reaches a high level of recognition, it continues to contribute to brand equity, primarily as a *reminder of the brand*. However, if the slogan no longer aligns with the brand’s current positioning or needs, it can restrict the brand’s ability to evolve and introduce new associations. To manage slogans effectively, marketers must assess the contribution of the slogan to brand equity, determine whether its existing equity is still needed, and decide how to retain relevant aspects while introducing necessary changes. In some cases, modifying an existing slogan may be more effective than introducing an entirely new one. However, when the brand undergoes *repositioning*, a dramatic change in slogan can signal the shift. For instance, Cover Girl changed its slogan from “Easy, Breezy, Beautiful Cover Girl” to “I Am What I Make Up” as part of a repositioning strategy, while Dockers initially shifted from “Nice Pants” to “One Leg at a Time” before reverting to the original slogan.

## Jingles

Jingles are *musical messages crafted around a brand*, often composed by professional songwriters to create *memorable and catchy tunes*. Historically significant in radio advertising, jingles have functioned as branding tools, embedding themselves in consumers' minds through repetition. They can be considered extended musical slogans, though their effectiveness is primarily in enhancing brand awareness rather than directly conveying product benefits. Due to their musical nature, jingles are *less transferable* than other brand elements but are highly effective in *reinforcing brand recall*. By repeatedly incorporating the brand name in engaging ways, they provide multiple encoding opportunities, making them more memorable. Consumers often *unconsciously rehearse catchy jingles*, further strengthening brand recognition. A well-established jingle can serve as a long-term advertising asset. For instance, Kit Kat’s “Give Me a Break” jingle has been used since 1988, contributing to the brand's strong market presence. Similarly, the U.S. Army’s switch from “Be All That You Can Be” to “Army of One” generated public backlash, demonstrating the *deep connection between a jingle and brand identity*. Additionally, Intel’s distinctive four-note sound signature reinforces its brand message, showcasing the lasting impact of well-designed jingles in marketing.

## Packaging

Packaging involves *designing and producing containers or wrappers for products*, serving both functional and marketing purposes. Historically, packaging has evolved from primitive materials



like leaves and animal skins to modern innovations such as vacuum packing, which emerged in response to Napoleon's incentive for food preservation. Effective packaging must fulfil several key objectives: *identifying the brand, conveying descriptive and persuasive information, facilitating transportation and protection, aiding in-home storage, and assisting with product consumption*. Marketers must carefully consider both *aesthetic and functional elements*, including size, shape, materials, colors, text, and graphics. Advances in printing technology now allow for highly detailed and visually appealing packaging that influences consumer decisions at the point of purchase. Structural design innovations enhance *convenience and usability*, such as resealable, tamperproof, and ergonomic packaging. Examples include Yoplait Go-Gurt's tube format for children, Betty Crocker Warm Delights' microwavable containers, and Green Giant Valley Fresh Steamers' microwave-safe materials. Packaging plays a crucial role in *brand recognition* and can strongly influence consumer perceptions. Iconic designs, such as Heineken's green bottle, create *lasting associations*. Packaging modifications can also impact sales, as seen with Molson beer's interactive back-labels, which increased engagement and boosted sales. Structural innovations can *differentiate a brand and justify premium pricing*, while redesigns often lead to increased sales and market expansion. Recent trends in packaging include offering both *larger and smaller product sizes to target different consumer segments*, as well as adopting sustainable materials to align with shifting consumer preferences. Packaging remains a vital element in branding strategy, influencing purchasing decisions and reinforcing brand identity.

*Packaging the right content* -> Innovations in packaging have become a crucial aspect of brand management, particularly through the integration of *content marketing and advertising themes*. This shift is largely driven by the millennial generation, which increasingly ignores traditional advertising. By incorporating thematic content into packaging, brands can effectively *communicate their messages and strengthen consumer-brand relationships*. Several brands have successfully utilised this strategy. Kashi redesigned its cereal boxes to include compelling stories about its commitment to healthy and sustainable food. These stories, such as those featuring farmers involved in organic transitions, enhance *brand authenticity and deepen consumer engagement*. Chipotle adopted a similar approach through its "Cultivating Thought" series, featuring literary content from renowned authors on its cups and bags. This initiative reinforced Chipotle's ethical stance on food sourcing and elevated its brand perception. Snickers also leveraged packaging as a marketing tool by replacing its brand name with humorous hunger-related symptoms, tying into its well-known advertising campaign, "You're Not You When You're Hungry." This unconventional approach reinforced the brand's identity and engaged consumers in a novel way. These examples underscore a fundamental principle of brand management: *every consumer touchpoint should consistently reinforce the brand's core message*. By integrating storytelling and content marketing into packaging, brands can create meaningful interactions that enhance loyalty and differentiation in the market.



*Packaging at the point of purchase* -> Effective packaging enhances shelf appeal and differentiates products in a crowded marketplace, where consumers are exposed to thousands of choices within a short shopping time. As many first encounter brands in stores, packaging can provide a *competitive edge*, especially in categories with minimal product differences. Recognised as the "last five seconds of marketing" and "permanent media," packaging is a *cost-effective tool for building brand equity*. Retailers like Walmart assess whether packaging effectively conveys a brand's promise within seconds and from a distance. Additionally, packaging extends beyond the point of purchase, often playing a key role in advertising and reinforcing brand identity.

*Packaging innovations* -> Packaging innovations can *reduce costs and drive demand*. Many firms are redesigning packaging with recyclable materials to minimise paper and plastic use. On the demand side, innovative packaging can provide short-term sales boosts, particularly in mature markets. The beverage industry has leveraged packaging changes for growth, as seen with Snapple's wide-mouth bottles and Arizona's distinctive oversized cans, which became a \$300 million brand with minimal marketing.

*Package design* -> Package design has *evolved* into a sophisticated and strategic process, moving beyond arbitrary decisions to a key component of product development. Specialised designers analyse elements such as *colors, materials, and graphical components* to optimise packaging for brand recognition and marketing impact. A critical factor in package design is its "*shelf impact*," or how it stands out among competitors. Companies like General Mills use strategic graphical arrangements to enhance visibility. *Legal requirements*, such as nutrition labelling, set certain constraints, but there is still significant flexibility to enhance brand awareness and associations. *Colour* plays a vital role in packaging, as consumers have developed a "*color vocabulary*" that aligns certain colors with specific product categories (e.g., white for milk, blue for club soda). Additionally, some brands have achieved "*color ownership*," making it difficult for competitors to use similar shades. Color also *influences product perception* -> darker orange packaging, for instance, suggests a sweeter beverage. Thus, packaging color must align with the *overall brand message and marketing strategy*.

*Packaging changes* -> Packaging changes, though costly, can be more cost-effective than other marketing strategies. Companies update packaging for various reasons, such as *signalling a premium price, adapting to new distribution channels, unifying product lines, emphasising innovation, or modernising outdated designs*. The competitive market has led to more frequent packaging updates, both for short-term promotions and long-term brand positioning. However, marketers must carefully manage these changes to *preserve key brand equities* and *ensure consumer recognition*. Consumer research and retailer feedback play a crucial role in guiding packaging decisions. Packaging is sometimes considered the "fifth P" of the marketing mix, as it directly contributes to brand equity through distinctive design elements and indirectly reinforces brand awareness and image.



## Putting it all together

Each brand element can play a different role in building brand equity, so marketers “mix and match” to maximise brand equity. A cohesive brand identity relies on the *consistency and reinforcement of brand elements*, including names, logos, slogans, and symbols. Meaningful brand names paired with strong visual representation enhance memorability and brand recognition. Successful brands *integrate their elements effectively*. For example, Charmin conveys softness through its name, slogan, and mascot, while Wells Fargo reinforces its Western heritage with a stagecoach symbol and thematically named services. Beyond the product itself, brand elements contribute significantly to brand equity. Method Products exemplifies this by combining innovative packaging, sleek design, and eco-friendly messaging to differentiate itself in the household cleaning market. With limited advertising, the brand leverages its distinctive identity and sustainability focus to strengthen its market presence.

### Do-Overs with brand makeovers

In highly competitive and rapidly evolving markets, many brands undergo *makeovers to enhance relevance, differentiation, and appeal*. However, consumer reactions to such changes, both positive and negative, can spread rapidly, often shaping the success or failure of a rebrand.

Notable examples include Tropicana, which faced backlash after replacing its recognisable orange-with-a-straw imagery with a more generic design, prompting the company to revert to its original packaging within weeks. The Gap experienced a similar reaction when unveiling a new logo, ultimately abandoning it after public criticism. Pepsi and Gatorade also struggled with rebranding efforts, with Gatorade’s attempt to restructure its product lineup and Pepsi’s logo change receiving mixed feedback, partially due to economic conditions. Key lessons from these cases emphasise that new brand elements must be *inherently appealing and that consumer attachment to existing branding should be carefully managed*. Starbucks, for example, took a strategic approach to its 2010 logo change, removing the words “Starbucks Coffee” to reflect its expansion beyond coffee while maintaining the iconic Siren symbol. Though initially met with skepticism, the move aligned with the brand’s broader mission and diverse product offerings.

### Chapter summary

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, favourable, and unique brand associations. Six criteria are particularly important. First, brand elements should be inherently memorable, easy to recognise, 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 the 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 likeable. 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. Because different brand elements have different strengths and weaknesses, marketers “mix and match” to maximise their collective contribution to brand equity.



### Legal branding considerations

A trademark is a *legally protected symbol, word, phrase, or design that helps distinguish a company's products or services from others*. The U.S. Patent and Trademark Office defines trademarks as essential assets for companies, and these assets need to be carefully managed to ensure brand protection. Proper trademark management involves three main components:

1. **Trademark Planning:** This includes selecting a valid trademark, using it consistently, and engaging in search and clearance processes to ensure no conflicts with existing trademarks.
2. **Trademark Implementation:** This involves effectively using the trademark in all marketing decisions, including promotional campaigns and distribution strategies.
3. **Trademark Control:** A brand must actively monitor its trademarks to ensure they are used correctly and are not infringed upon, counterfeited, or diluted. This includes efforts to prevent a trademark from becoming generic and enforcing rights through legal action.

*Trademark Protection* is vital to *prevent counterfeiting and brand imitation*, which can undermine the value of a brand. Counterfeit goods or imitations can range from luxury items to everyday products, with imitators copying brand names, logos, packaging, and other distinctive brand elements. Such imitations confuse consumers and harm the original brand's equity. Companies may face additional challenges when these imitations are created by retailers or manufacturers who claim that their practices reflect *common packaging* in the industry rather than attempting to replicate a specific brand's look. For example, some private-label products might replicate the appearance of well-established brands, leading to tension between national brands and retailers.

*Legal Considerations and Brand Cloning:* Trademark law addresses the issue of "*confusion*" by determining whether consumers are misled into thinking they are buying a product from the original brand. This includes considering factors such as the strength of the original trademark, the similarity between the brand and its imitator, and the marketing channels used. If confusion is likely, legal action can be taken to protect the brand.

*Trademark Appropriation and Dilution:* Trademark appropriation refers to the use of elements of an established brand to enhance the image of a new product, even if no consumer confusion exists. Dilution is a broader concern, which weakens the distinctiveness of a brand, even without consumer confusion. Dilution can occur in several ways:

- **Blurring:** When a new product uses an existing brand's trademark in a different category, thereby reducing its uniqueness.
- **Tarnishment:** When a brand's reputation is damaged by association with inferior products or controversial uses.
- **Cybersquatting:** The act of registering a domain name that mirrors an established brand with the intent to sell it to the rightful brand owner at a profit.

The Lanham Act (U.S. trademark law) protects against dilution and establishes the right of a brand to prevent others from using a similar mark that may harm its identity. This law allows for brand protection beyond consumer confusion, covering issues such as brand misappropriation and market expansion.

*Trademark Categories:* Trademark law establishes a hierarchy of protection, which affects how easily a brand can secure trademark rights:

- **Fanciful:** A made-up word that has no inherent meaning (e.g., "Kodak").
- **Arbitrary:** A common word not typically associated with the product (e.g., "Camel" for cigarettes).
- **Suggestive:** A word that suggests a characteristic of the product (e.g., "Eveready" for batteries).
- **Descriptive:** A word that describes the product, protected only with secondary meaning (e.g., "Ivory" for soap).
- **Generic:** A word that refers to the product category itself and is not protectable (e.g., "Aspirin").



**Secondary Meaning:** A descriptive mark can become protectable through "secondary meaning," where consumers come to associate the mark with a specific source of goods or services. Brands like "Band-Aid" or "Kleenex" have achieved secondary meaning after extensive advertising and market presence.

**Trademark Issues in Packaging:** Legal protection is typically more robust for brand names and logos than for packaging shapes and colors. However, packaging can be protected under trade dress laws, which safeguard the *overall look and feel of a product*, including color schemes, designs, and packaging. Some companies, like John Deere and Tiffany, have successfully trademarked distinct color schemes (green and yellow, and Tiffany Blue, respectively), which are closely associated with their brands.

**Global Trademark Protection:** Trademark laws vary by jurisdiction, creating challenges for companies operating internationally. In the United States, trademark rights are granted based on actual use in commerce, with the first to use a mark in the marketplace having the right to it. In contrast, many other countries, including China, use a first-to-file system, where the first party to file a trademark application gains the rights, regardless of who used the mark first. This can lead to issues with trademark squatting, where parties file for trademarks with the intent to sell them to legitimate brand owners at a later date. In the European Union, trademark protection focuses on factors such as the degree of similarity between marks, the reputation of the original brand, and the likelihood of confusion among consumers. These global variations require companies to navigate complex legal frameworks when protecting their trademarks across different regions. **Trademark Renewal:** In the U.S., trademarks must be renewed every 10 years, and companies must demonstrate continued use of the mark to maintain its legal status. The Trademark Law Revision Act of 1988 introduced the concept of "intent to use", allowing companies to apply for trademarks based on the intent to use them in commerce within three years, rather than requiring proof of use at the time of registration. Overall, trademark protection is a critical aspect of brand management, and businesses must be proactive in securing, defending, and maintaining their trademarks to avoid the risks of counterfeiting, dilution, and market confusion.

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## Chapter 5 - Designing marketing programs to build brand equity

We consider how marketing activities in general build brand equity and how can marketers integrate these activities to enhance brand awareness, improve the brand image, elicit positive brand responses and increase brand resonance. We consider how the brand itself can be effectively integrated into the marketing program to create brand equity.

The strategy and tactics behind marketing programs have changed dramatically in recent years as firms have experienced enormous shifts in their external marketing environments. Some changes include:

- Rapid technological developments
- Greater customer empowerment;
- Fragmentation of traditional media;
- Growth of digital and mobile marketing options;
- Channel transformation and disintermediation;
- Increased competition and industry convergence;
- Globalisation and growth of developing markets;



- Heightened sustainability concerns, with an increased emphasis on corporate social responsibility
- Greater empowerment of consumers because of their ability to influence opinions through social media and word of mouth.

These changes have combined to give customers and companies new capabilities with important implications for the practise of brand management -> abandon mass-market strategies to implement new approaches for a new marketing era.

From the point of view of *consumers*, they can:

- wield substantially more customer power
- Purchase a greater variety of available goods and services
- Obtain a great amount of information about practically anything
- More easily interact with marketers in placing and receiving orders
- Interact with other consumers and compare notes on products and services

From the point of view of *companies*, they can:

- operate a powerful new information and sales channel with augmented geography reach to inform and promote their company and its products
- Collect fuller and richer information about their market, customers, prospects and competitors
- Facilitate two-way communication with their customers and prospects and facilitate transaction efficiency
- Send ads, coupons, promotions and information by e-mail to customers and prospects who give them permission
- Customise their offering and services to individual customers
- Improve their purchasing, recruiting, training and internal and external communication

#### Clif bar

Founded in 1990 by cyclist Gary Erickson and named in honour of his father, Clif Bar aimed to offer a better-tasting energy bar made from wholesome ingredients. Initially relying on *word-of-mouth and public relations* rather than advertising, the company gained popularity and expanded its product line to include various flavours, some tailored for women and children. Clif Bar is known for its *commitment to sustainability*, using organic and sustainably grown ingredients, and promoting social responsibility through local community involvement, volunteerism, and eco-friendly practices like biodiesel-powered vehicles. Clif Bar's marketing strategy focuses on athletic sponsorships, public events, and nontraditional campaigns. The "Meet the Moment" campaign, which encourages consumers to share inspirational athletic stories and photos, along with the Luna brand targeting women's nutritional needs, further broadened its customer base. By 2016, Clif Bar held a 15% market share in the nutritional health bar category, surpassing major brands like General Mills and Kellogg's, and expanded its reach to over 18 countries, experiencing a growth rate exceeding 20% annually.

## Integrating marketing



In today's marketplace, various strategies such as channel, communication, and pricing can influence brand equity. The customer-based brand equity model highlights that the formation of brand associations is less important than the resulting awareness, strength, favourability, and uniqueness of those associations. Brand equity can be built through multiple approaches, with creativity being crucial to developing distinctive marketing programs that effectively engage customers. While unconventional methods, like those used by the Yeti brand, are increasingly popular, marketers must ensure that creativity aligns with brand-building objectives, creating integrated solutions and personalised experiences that enhance awareness, generate demand, and foster customer loyalty.

**Personalising marketing** -> the rapid expansion of the internet and continued fragmentation of mass media have brought the need for personalised marketing into sharp focus. To adapt to the increased consumer desire for personalisation, marketers have embraced concepts such as experiential marketing and relationship marketing. Branded experience are playing an increasingly important role in helping to forge a personal connection with consumers.

*Experiential marketing* -> promotes a product not only by communicating a product's features and benefits but also by connecting it with unique and interesting consumer experiences. The idea is not to sell something, but to demonstrate how a brand can enrich a customer's life. Pine and Gilmore 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 good business
- If you charge for the activities you perform, then you are in the service business
- If you charge for the time that customers spend with you, then and only then are you in the experience business

Experiential marketing is usually broadly defined as any form of customer-focused marketing activity, at various touch-points, that creates a sensory-emotional connection to customers. Meyer and Schwager outline a Customer Experience Management (CEM) process that involves *monitoring past, present, and potential consumer interactions to enhance brand engagement*. Brands increasingly focus on delivering unique experiences that feel organic rather than overtly promotional. For instance, Sonic leveraged the Coachella Arts and Music Festival to introduce square milkshakes designed for social media sharing, using geo-fencing to enable seamless ordering. Similarly, Van Cleef & Arpels launched educational programs in jewelry and watchmaking to enhance consumer knowledge and appreciation, reinforcing the brand's craftsmanship and exclusivity. These experiential marketing efforts offer three key benefits. First, they expand brand awareness among new consumer segments, such as festivalgoers. Second, they drive *brand buzz* by encouraging social media sharing, as seen with Sonic's Coachella campaign, which increased its Instagram following by 11,000 and garnered 26,000 likes. Third, they help *reshape brand perceptions*—Van Cleef & Arpels' program, for example, reinforced its image as a high-quality



luxury brand. Through these strategies, brands create memorable interactions that strengthen consumer relationships and enhance brand equity.

**Relationship marketing** -> Effective marketing strategies must go beyond the core product or service to foster deeper consumer connections and maximise brand resonance. Brand experiences should center on topics that interest target audiences rather than solely promoting the brand itself, enhancing engagement and consumer loyalty. Similarly, relationship marketing prioritises customer needs, focusing on long-term engagement rather than one-time transactions. Relationship marketing is crucial for **sustained brand success**, as it enhances both the depth and breadth of brand-building efforts. It offers several key benefits: acquiring new customers is significantly more expensive than retaining existing ones, customer retention directly impacts profitability, and long-term customers generate increasing profits over time. Three strategic approaches support relationship marketing:

1. **Mass Customisation** -> Tailoring products and services to meet individual customer preferences at scale.
2. **Personalisation/One-to-One Marketing** -> Creating customised interactions based on consumer data to enhance customer satisfaction and loyalty.
3. **Permission Marketing** -> Engaging consumers through opt-in communications, ensuring interactions are welcomed and relevant.

By implementing these strategies, brands can cultivate **stronger consumer relationships**, increase brand loyalty, and drive long-term profitability.

**Mass customisation** -> Mass customisation leverages digital technology to offer personalised products and services at scale. Consumers can tailor purchases to their preferences, enhancing engagement and differentiation. Beyond products, service industries personalise experiences through **expanded options and customer interactions**. Social media and data analytics further refine targeting, while co-creation, like Nike's NIKEiD, strengthens consumer involvement. Location-based marketing, exemplified by Spartan Race, enhances relevance and boosts engagement. Successful strategies, such as Tesco's customer-focused approach, demonstrate how customisation fosters loyalty and market differentiation. Launched in 1995, the Tesco Clubcard is one of the world's most successful retail loyalty programs, analysing customer purchases to create personalised "DNA profiles." By tracking buying habits across 40 product dimensions, Tesco enhances pricing strategies, promotions, and store planning, generating over £350 million in savings. Despite past challenges, Tesco regained customer trust through price cuts, improved service, and digital investments, shifting focus from traditional advertising to data-driven marketing innovations.

**Permission marketing** -> Permission marketing, introduced by Seth Godin, focuses on engaging consumers **only after obtaining their explicit consent**. Unlike traditional **"interruption marketing"**, which relies on mass media advertisements, permission marketing is **anticipated, personal, and**



*relevant*. By offering incentives like discounts, samples, or contests, companies encourage consumer engagement, fostering stronger brand relationships. Key Elements of Permission Marketing:

1. **Situational Permission** → Consumers share basic information.
2. **Brand Trust** → The company fulfils customer needs, earning trust.
3. **Personal Relationship** → Consumers provide more personal data.
4. **Incentive-Based Permission** → Rewards maintain engagement.
5. **Intravenous Permission** → Customers become reliant on the brand's offerings.

With email and social media as primary channels, companies leverage big data and advanced software to create highly personalised marketing efforts. Platforms like Facebook Connect enable brands to engage with consumers while respecting their data-sharing preferences. Challenges and Risks:

- **Privacy concerns**: Regulatory bodies, such as the FTC, penalise companies for unauthorised data collection. For example, Vizio paid \$2.2 million for tracking consumer viewing habits without consent.
- **Consumer resistance**: Growing concerns over data privacy have led to increased use of ad blockers and private search engines like DuckDuckGo.

As data transparency and consumer control become priorities, marketers may shift from permission marketing to *engagement marketing*, where consumers actively collaborate with brands to shape personalised experiences.

**Reconciling the different marketing approaches** → Modern personalisation strategies, including mass customisation, one-to-one marketing, and permission marketing, play a crucial role in strengthening brand equity by *fostering deeper consumer engagement*. While mass customisation and permission marketing enhance relevance, behavioral loyalty, and attitudinal attachment, experiential marketing focuses on *strengthening brand imagery, emotional connections, and community-building*. Despite their distinct impacts, all these strategies contribute to creating *stronger consumer-brand relationships*. The rise of personalised marketing challenges the traditional "4 Ps" framework of product, price, place, and promotion, as modern strategies such as loyalty programs and pop-up stores do not fit neatly within these categories. However, businesses must still define their product strategies by focusing on extrinsic brand factors, develop pricing strategies that emphasise value-based pricing, and refine their channel strategies with an emphasis on integration. As marketing evolves, companies must continuously adapt their approaches to align with changing consumer expectations and technological advancements.

**Product strategy** → A great brand is built on a *strong product*, as it shapes consumer experiences, influences word-of-mouth, and defines brand messaging. Successful marketing



begins with designing and delivering a product or service that *fully meets consumer needs and expectations*. Brand loyalty is achieved when product experiences meet or exceed these expectations. Beyond the core product, marketers can *enhance consumer interactions by adding value before, during, and after product use*, strengthening the overall brand experience.

*Perceived quality* -> Perceived quality reflects consumers' assessments of a product's overall superiority relative to alternatives and its intended purpose. Achieving high perceived quality has become *increasingly challenging* as continuous product improvements have raised consumer expectations. Research indicates that consumers evaluate quality based on factors such as primary ingredients, supplementary features, reliability, durability, serviceability, style, and design. Beyond functional performance, broader considerations like *delivery speed, customer service, and repair quality also shape perceptions*. Additionally, abstract elements such as brand symbolism and personality contribute to brand attitudes. However, consumer evaluations are not always based on careful analysis and may be influenced by *heuristics, brand reputation, or sensory attributes like color and scent*.

**Managing customers post-purchase** -> To achieve a strong brand image, product strategies must focus on *both the purchase and consumption experiences*. Encouraging trial and repeat purchases is essential, but the most impactful brand associations stem from actual product usage, often referred to as the "*second moment of truth*." Despite this, many companies overlook ways to enhance consumer appreciation of product benefits, leading to an increasing emphasis on post-purchase marketing or "*aftermarketing*." This approach involves activities such as innovative product design, rigorous testing, and quality production, as well as customer support and service enhancements that contribute to brand equity. In e-commerce, aftermarketing is particularly crucial, with companies like Zappos excelling in *integrating customer support with their online platforms*. Accessible customer service across multiple channels significantly enhances post-purchase experiences. *User manuals* also play a key role in consumption experiences, but they are often overlooked, resulting in frustration for customers. Well-designed, user-friendly instructions, including digital and multimedia formats, improve consumer engagement with products. *Customer service* is another critical aspect of aftermarketing, influencing brand loyalty and customer satisfaction. Social media interactions have demonstrated measurable benefits, with customers willing to pay more for brands that offer responsive and personalised support. However, poor customer service can have *damaging effects*, especially in the digital age where negative experiences can go viral. Many companies are turning to *brand communities to improve customer support while reducing costs*, with platforms like Sephora's Beauty Talk and Microsoft's Xbox community enabling peer-driven support. Beyond service, aftermarketing also includes opportunities for *cross-selling and up-selling*, particularly for consumable products. Companies like Hewlett-Packard generate significant revenue through post-purchase sales of ink and toner, while aftermarket services in industries



such as manufacturing contribute substantially to profitability. High attach rates, where original manufacturers secure long-term service relationships with customers, further enhance this revenue stream.

*Loyalty programs* have become a key tool in strengthening customer relationships. Initially pioneered by American Airlines with its frequent-flyer program, such initiatives foster *retention and reduce switching behavior* by offering exclusive benefits. These programs are increasingly integrated with digital and mobile commerce, as seen with Starbucks' app-based rewards system. However, maintaining differentiation in loyalty programs is challenging due to market saturation, requiring continuous updates and exclusive perks to sustain consumer interest. Ultimately, *product strategy is central to brand equity*, encompassing both functional and abstract brand associations. Perceived quality and value significantly influence consumer decisions, highlighting the importance of a well-rounded marketing approach that extends beyond the initial purchase to long-term customer engagement.

## 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. We consider the different price perceptions that consumers might form and the different pricing strategies firms might adopt to build a strong brand equity. The increasingly competitive retail environment and the increasing dominance of online retailing have posed significant pricing challenges for many brands.

### Understanding consumer price perceptions

Economists have traditionally viewed consumers as passive "price takers," but research indicates that consumers *actively interpret price information based on prior experiences, corporate communications, word-of-mouth, and available retail or online data*. Rather than relying solely on the marketer's stated price, consumers form their purchase decisions based on *perceived prices*, making it essential for marketers to understand how these perceptions are shaped. Studies show that while consumers struggle to recall exact prices, they rely on internal and external *reference points* when evaluating costs. Internal reference prices include factors such as what they believe is a fair price, the last price paid, or competitive pricing, while external references include posted retail prices. Discrepancies between perceived and actual prices significantly impact purchasing behavior, with *unexpected price increases deterring purchases more than pleasant pricing surprises encourage them*. Pricing strategies also influence consumer perceptions. Breaking down a high price into smaller increments can make it seem more affordable, while ending prices with "9" (\$49.99 vs. \$50) can create the impression of a better deal. Additionally, package size can shape perceived quality, with smaller packages often being associated with higher value. Understanding these psychological pricing effects allows marketers to strategically position their products and influence consumer decision-making effectively.

**Consumer price perceptions and setting prices** -> choosing a pricing strategy to build brand equity means determining:

- 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 various considerations. Factors related to the costs of marketing and selling products and the relative prices of competitive products are important determinants in pricing strategy. However, firms are putting greater importance on consumer perceptions and preference, that are based on price tiers in a category. Whiting any price tier is a range of acceptable prices, called *price bands*, that indicate the flexibility and breadth marketers can adopt in pricing their brands. Some companies sell multiple brands to better compete in multiple categories. Consumer associations of perceived value are often an important factor in purchase decisions -> many marketers have adopted *value-based pricing strategies* in an attempt to sell the right product at the right price to meet consumer wishes better. Consumer may infer the quality of a product by its price.

The perceived value of a product extends *beyond its monetary price* to include opportunity costs such as time, energy, and psychological effort. Various pricing strategies influence consumer perceptions and purchasing behavior. One approach is the razor-and-blades model, where an *initial product is priced affordably while its complementary components, such as razor blades or printer cartridges, generate long-term revenue*. However, consumer frustration with being locked into proprietary systems has led to alternatives, such as Epson's EcoTank printers, which replace costly cartridges with refillable ink tanks. Another widely used strategy is the *freemium model*, where companies offer a basic service for free while charging for premium features. Firms like Dropbox and Spotify have successfully grown their user bases through this model, later converting a small percentage of free users into paying customers. However, for this strategy to be sustainable, companies must balance the costs of servicing free users with sufficient premium conversions. *Pay-as-you-wish pricing*, used by businesses like Panera Cares Community Cafes, allows consumers to determine the price they pay. This strategy influences how customers perceive a brand's *pricing flexibility and value*. Overall, price plays a multifaceted role in consumer decision-making. Companies must carefully consider pricing strategies to shape consumer perceptions of quality and value. Many firms now employ value-based pricing and *everyday-low-pricing (EDLP) models* to optimise long-term customer engagement and profitability.

*Value pricing* -> uncover the right blend of product quality, product costs and product prices that fully satisfy the needs and wants of consumers and the profit targets of the firm. Consumers will not pay price premiums that exceed their perceptions of the value of a brand. Several firms have been successful in adopting a value-pricing strategy (i.e. Southwest Airlines combined low fares with no-frills service to become a powerful force in the airline industry). Companies can select among any number of opinions when adopting a value-based pricing approach. A successful value-pricing strategy should strike the proper balance 3 key components:

- *Product design and delivery*
- *Product costs*
- *Product price*



### Hyundai

Hyundai has strategically positioned itself as an affordable alternative to market leaders like Toyota and Honda, following a value-pricing approach similar to Samsung's successful challenge to Sony. By integrating advanced technology, reliable performance, and attractive design at lower price points, Hyundai has strengthened its competitive edge. The brand has further enhanced consumer confidence through its extensive 10-year or 100,000-mile powertrain warranty and positive endorsements from industry analysts such as J.D. Power. Hyundai's Assurance program introduces a Trade-In Value Guarantee, ensuring customers know the future market value of their vehicle at the time of purchase. The company has also increased pricing transparency, streamlined the purchasing process, and offered a return policy for vehicles with under 300 miles of usage. Through these initiatives, Hyundai demonstrates a forward-thinking approach to pricing, reinforcing its commitment to value and consumer trust as key elements of its brand strategy.

**Product design and delivery** -> A successful value-pricing strategy enhances product value through *innovation and strong marketing* rather than simply lowering prices. Consumers are willing to pay premiums for added value, as seen with brands like Apple and Gillette. Despite initial concerns that the Internet would favour low-cost providers, strong brand differentiation has allowed companies like Amazon to maintain price leadership and outperform cheaper competitors.

**Product cost** -> A successful value-pricing strategy also requires *minimising costs through productivity improvements, outsourcing, material substitution, and process changes*. Companies must ensure that their cost structures align with what customers perceive as value-added, eliminating unnecessary expenses to maintain profitability while supporting competitive pricing.

**Product prices** -> The third key to a successful value-pricing strategy is *understanding consumer perceptions of value and their willingness to pay a premium*. Marketers can estimate perceived value through direct consumer feedback and use it as a baseline for pricing, adjusting for costs and competition.

**Communicating value** -> Successfully implementing a value-pricing strategy requires not only delivering good value but also *ensuring consumers recognise and appreciate it*. While some product benefits are clear, others may require marketing efforts to highlight quality over price and differentiate from lower-cost competitors. Effective communication, such as *framing cost comparisons* in a favourable way, can help reinforce the brand's value proposition and justify premium pricing.

**Price segmentation** -> Consumer value perceptions differ, necessitating price segmentation to *tailor pricing strategies for different market segments*. Companies like Starbucks implement this by raising prices on specialty beverages while reducing prices on basic drinks to appeal to various consumer groups. Similarly, industries such as insurance and ticketing employ yield management and dynamic pricing to optimise revenue. For instance, Allstate Insurance uses customer data, including credit history and demographic profiles, to adjust automobile policy premiums based on risk assessments. Ticketmaster has also adopted variable pricing models, charging higher prices for high-demand concert and sports event tickets while offering lower prices for less desirable seats. With the rise of digital and social media platforms, brands can now



*dynamically adjust prices in real time*, making yield management strategies more efficient and responsive to market demand.

**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 pattern of alternating price increases and decreases or discounts in favour of a more consistent set of “everyday” base prices on products.

*The P&G experience* -> In the early 1990s, Procter & Gamble (P&G) adopted an Everyday Low Pricing (EDLP) strategy, reducing list prices on half of its brands and eliminating many temporary discounts. This move resulted in \$175 million in savings in 1991, equating to 10% of the previous year's profits. EDLP proponents argue that consistently low prices enhance brand loyalty, protect against private-label competition, and lower manufacturing and inventory costs. However, even companies committed to EDLP recognise the necessity of occasional price discounts. In the late 1990s, P&G faced market challenges and adjusted its strategy by reintroducing selected price promotions. More recently, the company has adopted a more flexible pricing approach, maintaining premium pricing for strong brands like Fusion ProGlide, Crest 3D, and Old Spice body wash, without relying on discounts.

**Reasons for price stability** -> Firms seek *greater price stability to avoid inefficiencies* caused by retailer practices such as *forward buying and diverting*. Forward buying occurs when retailers purchase more products than needed during a promotional period to sell them later at regular prices, increasing their margins. Diverting involves selling *discounted products to retailers outside the intended market*. From a manufacturer's perspective, these practices create excess demand during promotions, followed by periods of low demand, leading to operational inefficiencies and financial losses. Additionally, frequent price fluctuations can train consumers to *wait for discounts* rather than purchasing at regular prices, ultimately diminishing the perceived value of the brand.

**Summary** -> to build brand equity, marketers must determine strategies for setting prices and then *adjusting them over the short and long run*. Value pricing increasingly reflects consumer perceptions of value, balancing product design, costs, and prices. From a brand equity standpoint, consumers must view the price as *fair in relation to the benefits and advantages offered over competitors*. Everyday low pricing (EDLP) is a complementary strategy that maintains consistent, value-based prices on major items. However, there is tension between lowering prices and maintaining perceived product quality. Research by Lehmann and Winer suggests that while price reductions are often used to enhance perceived value, they can be more costly than brand-building marketing activities. The lost revenue from lower margins typically outweighs the benefits of discounts, as fixed costs are spread across all units sold, unlike per-unit price reductions.

## 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 refer to sets of interdependent organisations involved in the process of making a product or service available for use or consumption. Channel strategy includes the design and management of intermediaries such as wholesalers, distributors, brokers and retailers.

*Channel design* -> channels can be broadly classified into:

- **Direct channels** -> 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 representative, wholesalers or distributors, and retailers or dealers
- **Integrated shopping experience** -> combine physical stores, internet, phone and catalogs

Research on sales channels highlights that the choice between direct and indirect distribution depends on profitability and specific product needs. Direct channels are favoured for high-information, customisable, and quality-sensitive products, while indirect channels are better for broad availability and strong after-sales service. Consumer shopping behaviours blend *information, entertainment, and experience*, influencing channel preferences. As a result, manufacturers rarely rely on a single channel, instead adopting *hybrid strategies* to optimise reach and effectiveness.



### Omnichannel integration

Omnichannel retailing is a sales approach that ensures a *seamless customer experience across multiple touch-points*, including online platforms, mobile devices, and physical stores. Each interaction contributes to the customer's perception of the brand. Research indicates that omnichannel shoppers spend 10% more than other customers, emphasising the importance of catering to this segment. Companies are increasingly integrating online and offline channels through technologies such as *augmented reality (AR) and mobile apps*. For example, Ikea's AR app allows customers to visualise furniture in their homes, while Sherwin-Williams' Colorsnap app helps users choose paint colors. Retailers like Kohl's and Walmart offer *buy-online, pick-up-in-store* options, a service that has been shown to drive additional in-store purchases. Similarly, Bluetooth beacon technology, used by brands like Macy's and American Eagle, enables personalised promotions when customers enter a store.

Brands such as Disney and Starbucks exemplify successful omnichannel integration. Disney's My Disney Experience tool and MagicBand system create a unified experience across accommodations, attractions, and services, while Starbucks' app and rewards card ensure real-time updates across all platforms. Despite the benefits, the blending of online and offline shopping has introduced challenges like *showrooming*, where customers browse in-store but purchase online, and *webrooming*, where customers research online before buying in-store. While strategies like beacon technology help retailers counteract these trends by offering personalised, location-based promotions, growing concerns over data privacy highlight the need for brands to ensure value-driven and trust-based customer interactions. Omnichannel retailing integrates multiple sales channels with *blurred boundaries*, enhancing customer experiences across platforms. Research suggests that practices like online purchasing with in-store pickup may not always be cost-effective across all product categories. Many traditional retailers have added online channels, and digital-first companies have embraced physical stores to build stronger customer connections. For example, Warby Parker's addition of showrooms boosted brand credibility and profitability, while also reducing product return costs. Another study found that adding physical stores to an existing online presence increased revenue by 20%. Managing omnichannel distribution requires understanding both the supplier's and retailer's roles. New performance metrics, such as search volume percentage for product categories and app store rankings, complement traditional measures like store sales volume to assess the effectiveness of online channels

The goal is to maximise channel coverage and effectiveness while minimising channel cost and conflict.

**Indirect channels** -> Indirect channels, particularly retailers, play a significant role in brand equity by influencing customer perceptions and experiences. Retailers, through their product assortment, pricing, service quality, and branding efforts, can shape both their own brand identity and the equity of the brands they sell. The concept of "*Moments of Truth*" (FMOT), introduced by P&G, highlights the impact of retail environments on consumer perceptions, as retailers often influence how consumers view products. Retailers directly affect brand equity through the methods they use to stock, display, and sell products. Online retailers, like Amazon, amplify this influence by providing product reviews that can pressure manufacturers to maintain high-quality



standards. Shopper marketing, which involves collaboration between manufacturers and retailers in in-store marketing, has become crucial for adding value through brand-building activities like promotions and displays. In recent years, retailers have gained more power due to *increased competition for shelf space and consumer preferences shifting toward online shopping*. This shift has made it essential for manufacturers to create strong, innovative brands that consumers demand, which in turn pressures retailers to stock and promote these products. Manufacturers can adopt either a *push strategy*, where they incentivise retailers to sell their products, or a *pull strategy*, where consumer demand drives retailers to stock the products. *Channel support* is another critical aspect of the retailer-manufacturer relationship, where services provided by channel members can enhance the value of a brand. As retailers embrace new technologies like augmented and virtual reality in stores, manufacturers need to align with these advancements to ensure proper support. Additionally, manufacturers can maintain good relationships with retailers by offering *exclusive products, keeping prices consistent, and providing education about their products to help sales teams effectively market them*.

#### **How Milk-Bone brushing chews connected with customers**

Big Heart Pet Brands faced a challenge when launching Milk-Bone Brushing Chews, as many pet owners were either unaware of how to brush their dog's teeth or disliked doing so. The company aimed to grow the dental treat category by 10 percent and boost trials of the product at major retailers. Their marketing strategy included a combination of in-store displays, veterinary outreach, retailer-specific programs, and educational events at stores like Target and PetSmart. By leveraging tools like walmart.com pre-shopping and Target's Cartwheel app, the company created significant awareness and engagement. The campaign proved successful, meeting sales targets and increasing product trials and repeat purchases. It resulted in a 10 percent growth in the category and earned the company an Effie Award in 2015 for its effectiveness.

Ultimately, companies must share the power to make decisions with their retail distributors and also recognise that these dealers' success benefits them as well. Dealers have captured a greater percentage of retail sales, so manufacturers must keep them happy and profitable if they want to benefit of a smooth supply chain relationship.

*Retail segmentation* -> Retailers are considered "customers" in the marketing process and may require customised marketing efforts based on their unique capabilities and needs. Companies like Frito-Lay and SC Johnson have tailored their marketing strategies to specific retailers by *creating specialised supply chains, market research insights, and product offerings*. Retailers may need different product mixes, delivery systems, promotions, or even branded versions of products to meet their demands. Amazon, as a dominant online retailer, also customises its marketing by providing detailed product information and using features like the "Buy Box," which highlights the most competitively priced products. This feature is influenced by an algorithm that maximises customer value. *Branded variants* (branded items in a diverse set set of durable and semi-durable goods categories that are not directly comparable to other items carrying the same brand name)



are another strategy manufacturers use to differentiate their products, making direct price comparisons more difficult for consumers. These variants, which differ in design, features, or other aspects, help *reduce price competition and increase the availability of a product across more retail stores*, often leading to better retail service for the brand. Different retailers may be given varying items or models of the same brand to sell.

**Cooperative advertising** -> Cooperative advertising programs, although often overlooked, are an effective way to increase channel support. In these programs, a manufacturer *shares the cost of advertising* with a retailer to promote the manufacturer's product. To qualify for co-op funds, retailers must adhere to the *manufacturer's guidelines* for brand exposure. Typically, manufacturers cover 50% of the advertising costs, with the total co-op funds provided based on a percentage of the retailer's purchases from the manufacturer. The primary benefit of cooperative advertising for manufacturers is that it allows for more targeted communication at the local level, which can have a greater impact on consumers.

In eliciting channel support, manufacturers must be creative in the way they develop marketing and merchandising programs aimed at 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** -> manufacturers may choose to sell directly to consumers. To strengthen *customer relationships and control the selling process*, some manufacturers are launching their own retail outlets or selling directly to customers through various means. Company-owned stores are the most complex form of this strategy, with brands like Hallmark and Goodyear leading the way. Other brands, such as Bang & Olufsen and Dr. Martens, have created their own retail spaces to showcase their products. A recent trend involves *pop-up stores*, temporary outlets blending retail with event marketing, which have become a significant source of commerce. For example, Warby Parker's "Class Trip" bus tour across America promoted its eyewear, and digital-native brands like Everlane and Glossier have also embraced physical stores to build customer connections. Company stores provide multiple benefits, such as *showcasing a brand's full range of products in a coordinated manner that is difficult to achieve in regular retail channels*. These stores can also act as *test markets* to gauge consumer reactions to new products and designs. However, operating company stores can be challenging for brands *lacking retail expertise*. Disney, for example, has faced difficulties with its stores in the face of growing online shopping. Despite this, these stores can serve as *brand-building tools* rather than just sales outlets. Nike, for instance, views its stores as advertisements that enhance its brand image, even if not all visitors make purchases. Company stores also help manufacturers *protect their brand from competition with retailers' private labels*. However, potential conflicts with existing retail channels may arise. To mitigate this, manufacturers often position their stores as *showcases*, emphasising that they are not direct competitors to retailers. Some companies, like Nike, Levi's, and Polo, have also



adopted the "*store-within-a-store*" model, where branded mini-stores are set up within department stores. This approach allows manufacturers to maintain control over product presentation while benefiting from the retailer's brand image. Additionally, these arrangements help *drive foot traffic and foster quick distribution growth*. Retailers have also partnered with other brands to enhance their offerings, such as Sears collaborating with Forever 21 and Best Buy expanding its store-within-a-store program with brands like Sony and Samsung.

An additional channel option for manufacturers is to sell directly to consumers through *phone, mail, or electronic means*. Retailers have utilised catalogs for years, and many mass marketers, particularly those with their own retail stores, are increasingly adopting direct selling methods. This approach has proven to be a long-term success for brands like Mary Kay and Avon. Direct selling not only facilitates product sales but also *enhances brand equity* by raising consumer awareness of the brand's product range and highlighting key product benefits. Marketers can engage in direct marketing through various channels, such as *catalogs, videos, physical stores, or the internet*, all of which provide opportunities to build a relationship and establish a dialogue with consumers.

**Online strategies** -> The benefits of combining both physical brick-and-mortar and online retail channels are becoming increasingly evident to many firms. *Integrated channels* offer consumers the flexibility to shop at their convenience, allowing them to order products online or via phone and pick them up in-store, rather than having them shipped. Consumers also appreciate the ability to *return items purchased online at physical stores*. Additionally, many enjoy accessing their online accounts within stores or using in-store internet kiosks for research. Researches show that 16% of store sales are influenced by online searches made prior to visiting the store. Multichannel approaches benefit manufacturers, retailers, and consumers alike. Studies show that customers who shop across multiple channels are *more profitable*. For example, JCPenney's analysis revealed that its most profitable customers were those who used multiple channels, and a Deloitte study found that multichannel shoppers spent significantly more per transaction than those who shopped in a single channel. Multichannel retailers also enjoy advantages such as *stronger market leverage with suppliers, established distribution systems, and the ability to cross-sell between online and offline platforms*. Recognising these advantages, many internet-based companies are embracing physical retail activities to enhance their brand presence, with examples such as Yahoo! and eTrade opening physical stores and kiosks in prominent locations.

**Summary** -> channels are the means by which companies 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, as well as the transfer of any associations there intermediaries might have with 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 to 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 realise these goals*. Thus, it is important to assess each possible channel option regarding its direct effect on product sales and brand equity, as well as its indirect effect through interactions with other channel options.

### Chapter summary

Marketing activities and programs are the primary means through which companies build brand equity. The brand-building of 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, favourable, and unique brand associations, with both functional and symbolic benefits. Although perceived quality is often at the heart of brand equity, consumers may have a wide range of associations with the brand. Marketers are personalising 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 about and act toward the brand. Mass customisation, one-to-one marketing, 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, personalised buying experiences. For 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. Regarding channel strategies, marketers need to match brand and store images appropriately to maximise the leverage of secondary associations, integrate push strategies and shopper marketing activities for retailers with pull strategies, 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.



### Private-label strategies and responses

Private labels, also known as store brands, are products marketed by retailers or other members of the distribution chain and are distinct from generics, which typically feature simple, no-frills packaging with no indication of the producer. Private labels often carry the store's name or a brand associated with the store. These products are generally *less expensive to produce and sell* compared to national or manufacturer brands, which makes them appealing to cost-conscious consumers. For retailers, the advantage of private labels lies in their higher gross margins. The history of private labels has seen fluctuating success. The first private-label grocery products in the United States were introduced by the Great Atlantic and Pacific Tea Company (A&P) in the late 1800s. However, as large packaged goods companies refined their mass-marketing practices during the 1950s, private labels lost favour among consumers. The resurgence of private labels began in the 1970s, particularly during recessions when consumers sought *more affordable options*. In the 1980s, store brands began to experience growth due to the economic downturn and the introduction of low-cost, basic-quality products. However, the lack of perceived quality with generics led many consumers to return to national brands during more prosperous times.

In response to changing consumer preferences, private-label manufacturers have shifted their strategies to focus on improving quality and expanding their offerings to include premium products. These improvements have been accompanied by more attractive, upscale packaging, which has helped position private labels as a competitive alternative to national brands. Retailers have also embraced private labels as a way to differentiate themselves in the market and foster customer loyalty. The appeal of private labels has been particularly strong in supermarket chains, where private-label goods represent a *significant percentage of total sales*. Private labels have also expanded beyond traditional supermarket categories to include products in areas previously resistant to private-label competition, such as cigarettes, cold remedies, and disposable diapers. Despite these successes, there are still categories where private labels struggle, including hair care, dental products, candy, and pet food, where consumers tend to remain loyal to national brands. The growth of private labels should not be viewed as a sign of the decline of branded products, but rather as the result of savvy branding strategies. The key point of differentiation for private labels has always been their value proposition—offering good quality at a lower price. Retailers have capitalized on this by offering private labels across a broad range of products and investing in the right pricing strategies to position them competitively against national brands. In response to the growing strength of private labels, national brand marketers have employed several strategies to maintain their market share. These include reducing costs and prices to compete on equal footing with private labels, increasing research and development to innovate new products, and ramping up advertising and promotion budgets. Some national brand manufacturers have even taken a more controversial approach by supplying products to be sold as private labels. While this strategy may help increase sales in the short term, it risks creating confusion among consumers and blurring the line between national brands and private labels. Looking ahead, analysts believe that second-tier brands that lack a strong identity are the most vulnerable to competition from private labels. Products that are poorly differentiated and poorly supported are particularly at risk. However, some major brands are likely to remain resilient due to their strong brand recognition and consumer loyalty. Recent developments in e-commerce have introduced a new wave of private-label brands. Companies like Amazon and [jet.com](https://www.jet.com) have launched their own private labels, such as Amazon's "Wickedly Prime" food line and "AmazonBasics" for household goods. The lines between private labels and national brands are becoming increasingly *blurred* as private labels continue to improve in quality and develop their own identities. As this trend continues, private labels are expected to maintain their upward trajectory, competing more effectively with national brands across a variety of product categories. This evolution suggests that private labels will remain a key component of retail strategies in both physical stores and e-commerce platforms.



## Chapter 6 - Integrating Marketing Communications to Build Brand Equity

*Marketing communications* are the means by which companies attempt to inform, persuade and remind consumers about the brands they sell -> represent the voice of the brand and are a means by which the brand can establish a dialogue and build relationships with consumers. Adv is not the only element for building brand equity. We start by describing the rapidly changing media landscape and the new realities in marketing communications. To provide necessary background, we then evaluate how the major communication options contribute to brand equity and some of their main costs and benefits. We conclude by considering how to mix and match communication options to build brand equity.

### Media advertising

- Television
- 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

### Digital marketing

- Search
- Display
- Social Media (Facebook, Twitter)
- E-mail
- Video
- Blogs

### 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

Marketing communications are *essential in building brand equity* by shaping how consumers perceive and interact with a brand. Through activities such as advertising, they help create brand awareness, reinforce key associations, generate positive emotional and cognitive responses, and deepen the overall relationship between the consumer and the brand. These communications are flexible tools that not only support brand equity but are also shaped by it -> marketers use existing brand positioning and target market strategies to tailor communication efforts effectively. However, changes in the media landscape have introduced new challenges. Traditional media are becoming less effective due to declining consumer engagement and growing competition for attention. Simultaneously, the rise of digital media has provided new opportunities for brands to connect with consumers, allowing *more interactive and personal forms of communication* that can significantly influence how brands are perceived and discussed.

**Challenges in designing brand-building communications** -> In today's complex media environment, building effective and efficient marketing communication programs has become



increasingly challenging. Marketers must approach communication with *strategic planning and creative execution* to influence consumer perceptions and behavior successfully. A primary measure of success for any communication initiative is its contribution to brand equity—including improvements in brand awareness, positive brand associations, consumer attitudes, and purchasing behavior. To evaluate communication effectiveness, the **Information Processing Model** offers a structured six-step framework outlining how marketing messages influence consumers:

1. **Exposure** → The consumer must first encounter the communication.
2. **Attention** → The message must capture the consumer's attention.
3. **Comprehension** → The consumer must understand the message.
4. **Yielding** → The consumer must accept or agree with the message.
5. **Intention** → The consumer must form an intention to act.
6. **Behavior** → The consumer must follow through with the desired behavior (e.g., making a purchase).

Each step in this process is essential, and failure at any point can render the communication ineffective. Statistical models suggest that the cumulative probability of successfully moving a consumer through all six steps is quite low, underscoring the *difficulty of persuasive communication* in marketing. To improve success rates, marketers must:

- Ensure the message reaches the right audience at the right time and place.
- Develop engaging creative strategies that attract attention without overshadowing the message.
- Tailor content to align with the audience's knowledge and expectations.
- Clearly position the brand with relevant points-of-difference and parity.
- Motivate consumers to develop purchase intentions.
- Strengthen brand associations so that they are recalled during purchase decisions.

In conclusion, effective marketing communications require deliberate, consumer-focused strategies designed to *guide individuals through a multi-step persuasion process*, ultimately contributing to long-term brand equity.

**Role of multiple communication** → Marketers must strategically allocate communication budgets based on both economic theory and practical factors such as brand life cycle, product type, budget size, and competitive media strategies. When direct measurement of returns is difficult, observable factors guide decisions. *Budgets tend to increase with complex customer behavior, product differentiation, and limited channel support*. Different tools serve different goals → advertising may attract new or competitor customers, while promotions often reward loyal ones. Since no single communication method is sufficient, marketers must *combine and integrate* multiple options to maximise effectiveness and build brand equity. A strategic understanding of how each tool functions is essential to ensure cohesive, impactful brand communication.



## Advertising

**Advertising** -> any paid form of non personal presentation and promotion of ideas, goods or services by and identified sponsor. Adv plays a key role in shaping brand associations and eliciting positive consumer responses. Though its direct effects are often *hard to measure*, numerous studies and real-world examples, especially during economic downturns, illustrate advertising's influence on *brand performance and sales*.

**Television** -> remains a powerful medium due to its combination of sight, sound, and motion, enabling vivid product demonstrations and emotional storytelling. However, it faces challenges such as *high costs, media fragmentation, ad clutter, and the rise of ad-skipping technologies*. Despite declining average ad effectiveness, well-crafted TV campaigns, such as Tourism Australia's 2018 "Dundee" campaign, can still generate substantial *consumer engagement and brand exposure*. There is growing scrutiny around the *effectiveness of digital versus traditional media*. Marketers like P&G have reduced digital spending in favour of TV due to concerns over limited reach from hyper-targeting. To optimise media strategies, the industry is moving toward single-source data systems and attribution modeling, which will better evaluate the impact of various advertising channels on brand-building efforts.

### 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



### Tourism Australia

In early 2018, Tourism Australia launched a *high-impact, multi-media campaign* costing A\$36 million to stand out in a crowded advertising landscape. The campaign began with teaser ads suggesting a remake of the 1980s film *Crocodile Dundee*, generating widespread excitement. The surprise reveal came during the 2018 Super Bowl, unveiling the project as a tourism promotion instead of a movie. Featuring iconic Australian landscapes and stars like Chris Hemsworth, the ad attracted massive online engagement and over a billion media impressions. A follow-up ad explicitly encouraged travel to Australia, and the campaign's popularity even sparked public demand for a real film remake, trending under the hashtag #BringBackDundee.

**Guidelines** -> in designing and evaluating an ad campaign, marketers should distinguish the *message strategy* (positioning of the ad -> what the ad attempts to convey about the brand) from the *creative strategy* (the way the ad expresses the brand claims). The artistic aspects of the ad relate to the creative strategy and its execution, while the scientific aspects relate to the message strategy and the brand claim info the ad contains. There are two main concerns in devising and ad strategy:

- *Defining the proper positioning to maximise brand equity*
- *Identifying the best creative strategy to communicate or convey the desired positioning*

We already explored positioning strategies aimed at maximising brand equity, discussing two primary creative strategies in advertising: informational and transformational. *Informational strategies* focus on conveying specific product-related attributes or benefits, while *transformational strategies* aim to evoke a broader, emotional, or non-product-related brand image. Both approaches offer various sub-strategies, but the ultimate goal is to build strong brand equity by engaging consumers effectively. To enhance engagement, marketers often use *motivational or "borrowed interest" techniques* that capture attention (using adorable animals, popular music, celebrities, humor, or provocative imagery such as sex appeals or fear-inducing threats) -> effective in the modern media environment, where consumer attention is fragmented due to overwhelming ad clutter. However, while these attention-grabbing methods can be powerful, they sometimes *overshadow the core brand message*, reducing the effectiveness of the ad in terms of conveying key product attributes. The challenge for advertisers lies in creating a balance between *attracting attention and ensuring that the ad delivers its intended message*. Effective TV advertising should contribute directly to brand equity by achieving one or more of the following objectives: increasing brand awareness, strengthening existing associations, introducing new associations, or eliciting positive consumer reactions. While managerial judgment is crucial in evaluating advertising, research plays an important role in refining creative strategies. **Copy testing** -> method used to assess consumer reactions to candidate ads -> sample of consumers is exposed to potential ads, and their responses are measured. Although the results can vary based on how tests are conducted, copy testing helps advertisers *understand the effectiveness of*



*their ads*. It is most useful in situations where there are both positive and negative aspects of an ad, offering diagnostic insights that can help improve the campaign. However, copy testing should not be used as the sole decision-making tool; instead, it should complement other evaluative processes.

In the context of TV advertising, the industry has seen a shift due to the rise of digital media, yet *TV advertising remains a key component in large brands' media strategies*. Major live events such as the Super Bowl or Olympic Games are highly valued for their ability to reach mass audiences, and many brands focus their TV advertising around these events. Television advertising has evolved with the advent of digital platforms like *streaming apps and services* such as Hulu. These platforms offer advertisers access to large audiences while providing new opportunities for ad targeting. Despite the rise of time-shifting, where viewers watch shows on delayed schedules, TV advertising still maintains a unique advantage in reaching large-scale audiences. Therefore, while digital channels are gaining prominence, TV advertising remains a powerful tool for brand building, particularly in the context of large-scale events or cross-platform strategies that blend traditional and digital formats.

**Radio** -> radio is a pervasive medium and the main advantage is *flexibility* -> stations are highly targeted, ads are relatively inexpensive to produce and place and short closings allow for quick responses. Radio advertising is a *significant expenditure* for major companies like Comcast, T-Mobile, and Berkshire Hathaway in the U.S. It proves particularly effective during the *morning hours and complements TV ads*, offering a balance between broad and localised market coverage. A study suggests that for every \$1 spent on radio advertising, consumer-packaged goods companies earn \$12 in sales. Despite its strengths, radio advertising has drawbacks, including the *lack of visual elements and the passive processing nature* of the medium.

Nevertheless, some brands have successfully built brand equity using radio ads. Effective radio ads generally follow principles established by advertising expert David Ogilvy, which include:

- Identify your brand early in the commercial
- Identify it often
- Promise the listener a benefit early in the commercial
- Repeat it often

The lack of visuals can be an advantage, as it encourages *creativity* through music, sounds, and humor, which taps into the listener's imagination and fosters memorable brand associations.

**Print** -> In recent years, print media has seen a *significant decline* as more consumers turn to online sources for information and entertainment. In response, publishers have innovated by introducing digital formats such as iPad apps and expanding their online presence. Despite this shift, print media offers unique advantages, particularly its ability to provide detailed, self-paced information. However, its *static nature* limits dynamic presentations and demonstrations, and it is often a passive medium. Magazines and newspapers, the two primary forms of print media, share



some advantages and disadvantages. *Magazines* excel in building user and usage imagery and are perceived by consumers as *less intrusive, more truthful, and more relevant* than ads in other media. They also tend to engage readers more effectively, with fewer instances of multitasking. *Newspapers*, in contrast, offer *timeliness and widespread reach*, with about 35 million subscribers in the U.S., although this number is declining. They allow more flexibility in ad design, but their short shelf life and potential for poor reproduction quality are drawbacks not shared by magazines. Print media is especially effective in *communicating product information*, as well as *creating user and usage imagery*. Brands like Calvin Klein, Ralph Lauren, and Guess have successfully used print ads to build *strong non-product associations*. Some brands, such as Ford and Maybelline, also communicate both product benefits and imagery in their print ads. Effective print ads, particularly in magazines, must overcome challenges such as *consumer inattention*, with many readers not noticing or fully reading the ad. To address this, ads should communicate *clearly and directly*, with an emphasis on the illustration and headline. Additionally, the brand name should be prominently featured to avoid being overlooked. The key creative guidelines for print ads are clarity, consistency, and branding.

&gt;

**Direct response** -> Direct response marketing differs from traditional advertising by targeting specific customers through channels such as mail, telephone, and the Internet, aiming to generate a measurable response. This approach can include direct mail, telemarketing, and *infomercials* -> long-form advertisements combining sales pitches with educational content. Infomercials, costing between \$75,000 and \$500,000 to produce, have proven effective, with successful campaigns like Nutrisystem and Snuggie generating hundreds of millions in revenue. The rise of direct marketing is driven by *advances in technology*, such as toll-free numbers and online platforms, along with shifts in consumer behavior toward convenience and personalisation. Marketers favour direct response because it allows them to *communicate efficiently with targeted audiences*, minimising wasted efforts on irrelevant consumers. Direct marketing supports *relationship building* by enabling ongoing dialogue through newsletters, catalogs, and feedback mechanisms. Marketers can use the information gathered to refine their offerings and engage in precision marketing—leveraging *data analytics and customised messaging* to increase effectiveness. A key advantage of direct response marketing is its *measurability*—>responses can be tracked and analysed easily. However, it also faces challenges, such as *consumer resistance* to intrusive or excessive communication and the clutter of competing messages. To implement effective direct marketing, firms need a well-maintained customer database, compelling offers delivered appropriately, and systems in place to monitor results. Many brands now incorporate database marketing to enhance personalisation and performance in their direct response efforts.



### The importance of Database Marketing

Database marketing involves managing a real-time, computerised system of customer data to deliver *personalised, timely, and relevant communications*. Its primary goal is to build long-term, profitable customer relationships by improving targeting, response rates, and cost efficiency. This approach is especially effective for *customer retention, high-value products, and frequent purchases*. By collecting customer information through interactions such as purchases or promotions, firms can *tailor marketing programs to individual needs*. Pioneered by industries like financial services and airlines, database marketing is also used by companies like Procter & Gamble, which leveraged it to personalise communications for Pampers users. Tools like lifetime value (LTV) analysis support activities such as segmentation, up-selling, and retention, making database marketing a key strategy in building customer loyalty and enhancing marketing effectiveness.

**Place** -> “nontraditional”, “alternative” or “support” adv because it has arisen in recent years as a means to complement more traditional advertising media. Also called *out-of-home* advertising, is a broadly defined category that captures advertising outside traditional media. With traditional advertising, especially television, becoming less effective, marketers are increasingly adopting nontraditional or out-of-home advertising strategies to reach consumers in their everyday environments such as where they *work, shop, travel, and socialise*. This category includes *billboards, posters, transit ads, street furniture*, and advertising in *unconventional locations* like restrooms, elevators, airport lounges, movie theatres, and even on food items.

- **Out-of-home advertising**, which accounted for \$7.3 billion in 2015, is widely used by major brands like McDonald's, Apple, and Coca-Cola to complement traditional advertising and enhance brand visibility. Advancements such as *digital billboards, 3D visuals, interactive screens, and mobile integration* have significantly improved the medium's effectiveness.
- **Billboards** now feature innovative designs and even mobility, with some being mounted on trucks. Transit and street furniture ads are gaining popularity, especially for targeting *urban, on-the-go consumers*. In Japan, technologies like cameras and sensors are being integrated into public displays for personalised advertising.
- **Product placement** in films, TV shows, and streaming content is another growing trend, offering subtle yet powerful brand exposure. Brands such as Apple, Pepsi, and Mercedes-Benz pay significant sums for *visibility in popular entertainment*, often coupling these appearances with promotional campaigns to enhance impact.
- **Point-of-purchase (POP) advertising** includes in-store ads on carts, shelves, displays, and product demonstrations. This approach is effective because many consumers make *final purchasing decisions at the store*. Retailers like Best Buy and Sephora use POP strategies to influence buying behavior right before checkout.

Nontraditional ads are also appearing in more novel environments, including stadiums, taxi cabs, shopping bags, and even bathroom mirrors. These placements aim to *capture attention in short*



*bursts*, leveraging what is known as the “15-second sell” -> a brief, clear, and impactful message. Despite their potential, challenges exist, such as *measuring effectiveness and avoiding consumer fatigue from overexposure*. However, many consumers are increasingly tolerant of these formats, and their *targeting precision* and *creative flexibility* make them attractive to advertisers. In summary, nontraditional advertising offers innovative, engaging, and often cost-effective ways for brands to enhance awareness, reinforce brand associations, and influence purchase decisions, especially in an age where *mobile, visual, and experiential content dominates consumer attention*.

## Promotion

Sales promotions are *short-term incentives* to encourage trial or usage of a product or service. They are marketing tactics that offer incentives to either consumers or trade partners (like retailers) to encourage specific behaviours, such as trying a product for the first time, purchasing more, or buying sooner. Unlike advertising, which aims to give consumers a reason to buy, promotions *aim to drive immediate action*. Their use has grown over time due to various factors, such as rising ad costs, cluttered media, shifting consumer habits, and retailers gaining more influence. As a result, some marketers see promotions as more effective than traditional advertising, especially for achieving short-term sales goals. Sales promotions can be beneficial by *creating urgency, increasing purchase frequency, and supporting brand visibility* at retail. They can also help brands stand out in crowded markets and allow for *price discrimination* based on consumers' price sensitivity. For example, instant reward programs and bonus premiums have been shown to *increase shopping trips and market share*. However, there are also notable downsides. Over-reliance on promotions can *reduce brand loyalty, encourage price-based decisions, and harm brand image*. Some consumers may only buy due to the promotion and not return afterward, while promotional spending can take funds away from long-term brand-building or product development. Trade promotions may also be misused by retailers through practices like *forward buying or diverting stock*. In essence, while sales promotions are powerful tools for driving short-term results, they must be used *carefully* to avoid weakening long-term brand strength.

**Consumer promotions** aim to influence what, how much, or when consumers buy. These promotions can either *build brand loyalty* (e.g., samples, demos, educational tools) or focus on *short-term incentives* (e.g., discounts, sweepstakes, refunds). Brand-building promotions, like sampling, can strengthen consumer attitudes and encourage word-of-mouth. Companies like Birchbox use targeted sampling to create meaningful brand experiences while gathering feedback and boosting engagement. Marketers now evaluate promotions not just by sales impact but also by how they enhance brand equity. *Creativity* plays a key role, and standout promotions are recognised by industry awards like the PMA's Reggie Awards. *Coupon* usage has evolved -> though traditional coupon redemption has declined, digital and in-store coupons are growing.



*Digital coupons*, especially those sent via email or mobile apps, show *higher redemption rates*, reflecting a shift toward more personalised and convenient promotion strategies.

#### **Groupon**

Groupon, launched in 2008, offers businesses a digital platform to *promote products or services through daily deal emails*. These promotions increase brand exposure, enable price discrimination, and generate buzz. In return, Groupon takes a 40–50% cut. While it initially focused on local businesses, it has also worked with major brands like Gap and Southwest Airlines. By 2017, Groupon had nearly 50 million users and \$2.84 billion in revenue. However, it now faces competition from platforms like LivingSocial and RetailMeNot. A key criticism of such services is that they often benefit consumers more than merchants, who may see reduced foot traffic as shoppers stockpile coupons in advance.

**Trade promotions** are financial incentives offered to retailers and distributors to encourage them to *stock, display, and promote a product*. These include slotting fees, in-store displays, dealer contests, training, trade shows, and co-op advertising. Their main goals are to *gain shelf space, boost visibility, and increase sales*, especially with prime shelf locations, which significantly impact consumer attention. Due to the high costs involved, many companies are reevaluating trade promotions, aiming to make them more effective or reduce spending, as they often don't contribute significantly to brand-building.

### **Online marketing communications**

The first decade of the twenty-first century has seen a headlong rush by companies into the world of interactive, online marketing communications. With the pervasive incorporation of the Internet into everyday personal and professional lives, marketers are scrambling to find the *right places to be in cyberspace*. The main advantages to marketing on the Web are the *low cost* and the *level of detail and degree of customisation* it offers. Online marketing communications can accomplish almost any marketing communication objective and are especially valuable in terms of solid relationship building.

### **Events and experiences**

While online marketing is vital, real-world events and experiences are equally important for building strong brands. These activities *engage consumers' senses and imagination*, shaping how they perceive a brand. Events can range from large-scale sponsorships to local product demos, and are only limited by a marketer's creativity. For example, Facebook's *IQ Live* brought data insights to life through immersive, themed events, while Subaru's *Palm Challenge* -> a gruelling endurance contest—strengthened brand identity by showcasing resilience and passion. Such experiences not only increase awareness but also deepen emotional connections and brand loyalty.



**Event marketing** -> public sponsorship of events or activities related to sports, art, entertainment or social cause -> Event marketing involves sponsoring events or activities in areas like sports, arts, entertainment, or social causes to engage audiences and build brand presence. A large majority of companies, both B2B and B2C, consider it vital for *educating customers, generating leads, and gaining support or donations*. Technology platforms like EventBrite and Meetup.com have simplified organizing events, while tools like live-streaming, mobile apps, and AR enhance the experience. About 20% of B2B marketing budgets go to event marketing, and global sponsorship spending reached \$62.7 billion in 2017, mostly on sports, entertainment, and cultural events. Sports marketing, once limited to specific industries, is now used by nearly every type of company. 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:

- **To identify with a particular target market or lifestyle** -> Brands can associate with events that appeal to specific audiences—geographically, demographically, or behaviourally. They choose events based on attendees' attitudes and usage of certain products and brands. For instance, luxury sponsors align with affluent attendees at the U.S. Open tennis tournament.
- **To increase awareness of the company or product name** -> Sponsorships offer consistent exposure, helping build recognition and recall by associating the brand with relevant events.
- **To create or reinforce consumer perceptions of key brand image associations** -> Events carry their own imagery and associations. For example, Seiko's Olympic involvement reinforces its precision, while Subaru's alignment with skiing connects to its rugged vehicle image.
- **To enhance corporate image dimensions** -> Sponsorships subtly build perceptions of likability and prestige. Mountain Dew's Dew Tour and GreenLabel.com boost its appeal among young consumers while deepening engagement with both customers and employees.
- **To create experiences and evoke feelings** -> Events generate emotions that can be linked to the brand, supported by digital extensions to enhance the consumer experience.
- **To express commitment to the community or on social issues** -> Cause-related sponsorships, such as Colgate-Palmolive's long-term support of the Starlight Children's Foundation, show social responsibility and build goodwill.
- **To entertain key clients or reward key employees** -> Sponsorships often come with VIP perks (hospitality tents and other special services or activities that are available only for sponsors and their guests) that strengthen business relationships and boost employee morale, as with Bank of America's golf events. Involving clients with the event can engender goodwill and establish valuable business contacts.



- **To permit merchandising or promotional opportunities** -> Events allow tie-ins like contests or in-store promotions. Warner-Lambert uses Taste of Chicago sponsorships to gain store presence and collaborate on retail ads.

There are also some *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 commercialisation of events through sponsorship.

There are some guidelines to follow in order to create strategic sponsorships and events:

1. **Choosing Sponsorship Opportunities** -> Marketers must choose events that align with brand objectives and communication strategy. The event should match the brand's target audience, have strong awareness, a desirable image, and be capable of driving intended consumer responses. Ideal events are *well-targeted, generate positive attention, aren't overcrowded with sponsors, allow for complementary marketing activities, and enhance brand image*. Digital and social media activations can amplify the event's impact. Some companies create their own events (e.g., ESPN's X Games) or sponsor venues to increase visibility, though this tends to help brand recognition more than brand image.
2. **Designing Sponsorship Programs** -> Success depends on the full marketing program surrounding the sponsorship, not just the event tie-in. Sponsorship should be supported with *banners, signage, samples, contests, advertising, promotions, and PR*. Marketers suggest spending 2–3 times the sponsorship cost on these related activities.
3. **Measuring Sponsorship Effectiveness** -> *Supply-side methods* measure media exposure, like brand visibility in TV coverage or press, and translate it into ad value. Online traffic and social media engagement can also be tracked. However, these measures often overvalue exposure since media coverage rarely communicates a tailored brand message. *Demand-side methods* assess how sponsorship affects consumer brand knowledge—via surveys on awareness, attitudes, or intentions. Post-event tracking helps evaluate recall and brand impact. Both measurement approaches provide insights but differ in what they reveal—exposure versus actual consumer influence.

## 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 -> well-suited at amplifying the effects created by other marketing activities

**Public relations and publicity** -> Public relations (PR) and publicity involve various programs aimed at *promoting or protecting a company's image or its products*. Publicity refers to non-



personal communications, such as press releases, media interviews, press conferences, feature articles, and more. PR can also include activities like annual reports, fundraising drives, lobbying, special event management, and public affairs. The marketing value of PR grew significantly in 1983 when Burson-Marsteller's handling of the Tylenol product tampering crisis helped save the brand. Politicians also began using campaign sound bites, which were picked up by the press, to gain broad, cost-efficient exposure. Today, marketers understand that PR is crucial not only in a crisis but also as an *essential part of any marketing communications program*. A notable example is Frito-Lay's 2018 Tostitos Party Safe Bag campaign, which won PRWeek's Campaign of the Year award. The campaign, which featured a breathalyzes-like alcohol detector in the bag, partnered with Mothers Against Drunk Driving (MADD) and Uber to promote safe driving on Super Bowl Sunday. The campaign was highly successful, generating 13 million views and more than 30,000 Uber rides, all without a single commercial aired.

**Word-of-mouth** -> Publicity and PR play a key role in generating word-of-mouth, which is vital for *brand building* as consumers share their experiences with brands. Word-of-mouth is particularly powerful because it carries *credibility and relevance*, with friends and family being the most trusted sources of product information. When marketers create programs that deliver superior benefits, consumers are likely to talk about the brand, amplifying its impact. To enhance this effect, companies use techniques like *influencer marketing*, where social influencers are paid to promote a brand. This practice, though sponsored, has become an increasingly influential way to affect consumer decision-making.

## Developing integrated marketing communication programs

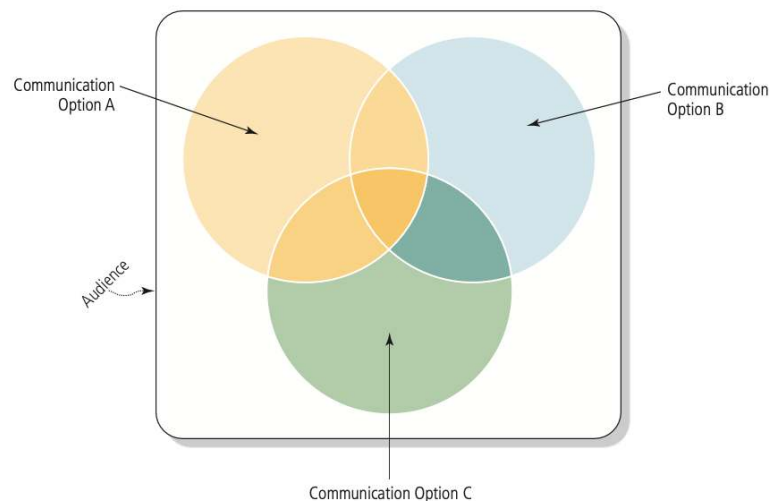
Integrated Marketing Communication (IMC) is the process of *strategically managing stakeholders, content, channels, and results to create cohesive brand communication programs*. Marketers should "*mix and match*" communication options to build brand equity, choosing a variety of options that share common meaning but offer complementary advantages. IMC can drive a brand's financial performance by improving communication campaign effectiveness and market performance. However, challenges like miscommunication, compartmentalisation, and trust issues, along with the overload of new media, can hinder successful implementation. A combined bottom-up and top-down approach to communications, tailoring strategies to different consumer stages while measuring their ability to drive sales and equity, has been adopted by many brands. For example, Lululemon uses a mix of brand ambassadors, events, social media, and digital video to engage consumers, with minimal reliance on traditional ads until 2017.

**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. There are six relevant criteria, known as "The 6 Cs":

1. **Coverage** -> Coverage refers to the *proportion of the target audience reached by each communication option and the overlap among them*. It involves understanding how different



communication options reach the same or different consumers within the target market. Unique coverage pertains to the direct effects of a single communication, while common coverage focuses on the interaction between multiple communication options working together. Prior exposure to one option can enhance the effects of subsequent communication options. Marketers need to consider the contribution of each communication option, especially if there is overlap, to ensure they account for *any effects* consumers might already have in memory. Communication options can either reinforce existing associations or address new ones. Commonality and complementarity refer to how well different communication options *align or support each other*. When overlap is not perfect, options should be designed to accommodate varying levels of consumer exposure. Finally, all of these factors must be balanced with their costs.



2. **Contribution** -> Contribution refers to a marketing communication's ability to generate the *desired response and effects from consumers without prior exposure to other communication options*. It describes the direct impact a communication has on how consumers process the message and the resulting outcomes, such as building awareness, improving image, eliciting responses, or driving sales. The effectiveness of a communication option depends on how well it *fulfills its intended role*. However, since overlap with other communication options exists, marketers must consider additional factors when evaluating the contribution of each communication option.
3. **Commonality** -> Marketers should ensure that their entire marketing communication program is *coordinated to create a consistent and cohesive brand image*, where brand associations share content and meaning. *Consistency* is crucial for helping consumers easily recall and link brand associations. Commonality refers to the extent to which the *same message is conveyed across different communication options*. Consistent information is easier for consumers to learn and recall, while inconsistent messages can confuse the brand image, leading to weaker or less favourable associations. Marketers should design communication elements to work together to create a *unified brand image*. The more abstract the desired association (e.g., "contemporary"), the easier it is to reinforce across various communication methods. However, concrete attributes (e.g., "rich chocolate taste") are harder to convey through



options like sponsorships that don't explicitly showcase the product. Heineken's "Walk-In Fridge" campaign illustrates effective coordination across communication options, starting with a video, followed by TV ads, and then real-life experiences at beer festivals. Additionally, execution consistency, such as using *consistent symbols or themes* across different communications, helps reinforce brand associations and ensures that past communications serve as cues for new ones.

4. **Complementarity** -> how different communication options work together to emphasise various brand associations and linkages, making them more effective when used together. An ideal marketing communications program ensures that communication options are *mutually reinforcing*, creating the desired consumer knowledge structures. Marketers can leverage different communication options that are best suited to eliciting specific consumer responses or establishing particular brand associations. For example, media like sampling and sales promotions are more effective for generating trial rather than fostering long-term loyalty. Additionally, research has shown that follow-up sales efforts are more productive when customers have already been exposed to a product, such as at a trade show.
5. **Conformability** -> Conformability refers to the effectiveness of a marketing communication option *across different consumer groups*, regardless of their prior exposure to other brand communications. There are two types of conformability: communication and consumer. Communication conformability ensures that the marketing message works for both consumers who have previously encountered other communications and those who haven't. Consumer conformability focuses on how well the communication appeals to different consumers, considering factors like their knowledge or attitudes toward the brand. To achieve this, marketers can use two strategies:
  - *Multiple information provision*: Offering varied information to appeal to different consumer groups, though this risks causing confusion or overload if not managed carefully.
  - *Broad information provision*: Providing information that is general enough to be relevant to all consumers, but this approach may lack the precision needed to impact consumers meaningfully, especially those with more knowledge about the brand.Ultimately, marketers must balance the need for broad appeal with the need for detailed, targeted messaging to ensure effective communication.
6. **Cost** -> evaluation of marketing communications on all the preceding criteria must be weighed against their cost to arrive at the most effective and efficient communication program



### Coordinating media to build brand equity

For brand equity to be effectively built, communication effects from advertising must be closely linked to the brand. However, television ads often struggle to create these links due to factors like interference from competing ads, the use of techniques that distract from the brand, delayed brand mentions, limited exposure time, and consumer disinterest or lack of knowledge about the product.

To strengthen communication effects, marketers can adopt strategies like making the brand name prominent in ads, but this can sometimes reduce the effectiveness of the ad in creating deeper brand associations. More effective tactics include using *brand signatures* (distinctive identifiers like slogans or logos), *ad retrieval cues* (unique elements like visuals or slogans that help consumers recall the ad), and *media interactions* (reinforcing TV ads through digital, print, or radio formats). Media interactions can also involve running ads across platforms to enhance consumer engagement and brand recall, such as through linked social media campaigns or by encouraging keyword searches after TV ad exposure. These strategies help improve brand recall and strengthen the connection between the ad and the brand.

**Using IMC choice criteria** -> guidance for designing integrated marketing communication programs. There are 2 key steps:

- *evaluating communication options* -> Marketing communication options can be evaluated based on the *responses they generate, their communication effects, and how they perform against integrated marketing communication (IMC) choice criteria*. Each communication type has distinct strengths and weaknesses and raises different strategic considerations. While no communication type inherently excels in contribution or complementarity, all can play a valuable role if well-executed. Cost remains high across most options, though cost efficiency may vary. Where communication types do differ significantly is in their audience reach (coverage), and in how well they align with commonality and conformability. Communication types that utilise *multiple modalities* (like sight, sound, and interaction) generally have higher potential for consistent messaging (commonality) and broader appeal (conformability). Ultimately, creating an effective IMC program involves balancing these factors—prioritising and making tradeoffs among criteria like coverage, contribution, commonality, complementarity, conformability, and cost.
- *Establishing priorities and trade-offs* -> The structure of an IMC program depends on how marketers *prioritise and balance the IMC choice criteria*. Since these criteria are interconnected, tradeoffs are often necessary, influenced by whether the marketing objectives are short-term or long-term, among other factors. Three key tradeoffs typically emerge due to overlaps in audience coverage:
  1. *Commonality vs. Complementarity*: Emphasising the same brand message across communication options (commonality) may limit the ability to highlight different brand attributes (complementarity).



2. *Conformability vs. Complementarity*: Tailoring messages to suit diverse consumer groups (conformability) may reduce the need for each communication type to serve multiple purposes (complementarity).
3. *Commonality vs. Conformability*: These do not show a clear tradeoff. In some cases, an abstract message like “Brand X is contemporary” can be effectively conveyed across various communication types, achieving both consistency and broad appeal.

Ultimately, marketers must carefully assess and balance these relationships to design an effective, cohesive IMC program.

#### Chapter summary

This chapter provided conceptual frameworks and managerial guidelines for how marketing communications can be integrated to enhance brand equity. The chapter addresses 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 market program. For main types of communications were identified as being critical: advertising and promotion, interactive marketing and events and experiences. A number of specific communication options (broadcast, print, direct response, and place advertising media, consumer and trade promotions, web sites, online ads, 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 regarding 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 efficiency by which it affects brand awareness and by which it creates, maintains, or strengthens favourable and unique brand associations. Different communication options have varying strengths and can accomplish differing objectives. Thus, it is important to employ a mix of communication options, each playing a specific role in building or maintaining brand equity. The second important insight that emerges from the conceptual framework is that the marketing communications program should be put together in a way such that the whole is greater than the sum of the parts. As such, there should be a match among certain communication options so that the effects of any one type of 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 marketing communications.



### General marketing communication guidelines: “The Keller Bs”

1. *Be analytical* -> use frameworks of consumer behaviour 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 favourable, strong and unique brand associations
6. *Be observant* -> keep track of competition, customers, channel members, and employees throughout 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 communication

### Empirical Generalisation in advertising

Researchers have developed a set of *empirical generalisations (EGs)* about advertising—patterns observed across various studies—that help guide advertising strategy. These EGs aren’t strict laws but serve as *useful benchmarks, predictions, and starting points* for developing campaigns and estimating their impact, especially in a changing media landscape.

In terms of *ROI*, advertising typically has a short half-life of 3–4 weeks, meaning any long-term sales impact must begin with immediate effects. *Creative quality* is a key driver of short-term success. Even display ads with low click rates can significantly boost brand interest, site visits, and both online and offline sales. A common rule suggests that ad budgets should match advertising elasticity (e.g., 10% elasticity means 10% of gross profit should be allocated to ads). However, advertising often carries risk—more than half of TV campaigns lose money in both short and long terms.

For *360-degree media planning*, the integration of channels—like using in-store displays, social media, or word-of-mouth alongside traditional advertising—can enhance effectiveness. *Repeat ad exposure* spaced over time improves learning more than bunched exposures. Interestingly, in-store communication often has more influence on purchase decisions than brand advertising. The *media platform also matters*: traditional ads are often remembered more positively than digital ones. Additionally, the impact of advertising varies based on brand familiarity—unfamiliar brands may benefit more from offline media. When it comes to the *value of TV*, it remains a powerful advertising tool. Despite fragmentation and increased digital media, TV maintains high reach and influence. DVR usage doesn’t appear to weaken ad impact, and while ratings have dropped due to more channels, overall viewership is stable.

Finally, *creative quality* plays a major role in ad effectiveness. Ads with a unique selling proposition (USP) tied to an important benefit perform better. Emotional content boosts both consumer engagement and likelihood of sales. More frequent visual appearances of a brand in TV ads also strengthen brand association and recognition.

## Chapter 7 - Branding in the digital era

In the recent times, branding and brand management have undergone a tremendous shift, primarily due to the growth of online and digital marketing as a means of communicating with and selling to consumers. Brands are taking on more and different kinds of meaning, and consumers are playing a bigger and more explicit role in the success of those brands. Marketers know more about consumers than ever and can employ different marketing tactics to reach and influence them. As consumers increasingly spend time and money in online channels, both marketing and consumer behavior have evolved and changed significantly. We need to outline some of the important changes taking place in both consumer behaviour and brand management in the digital area.

### Key issues for branding in the digital era

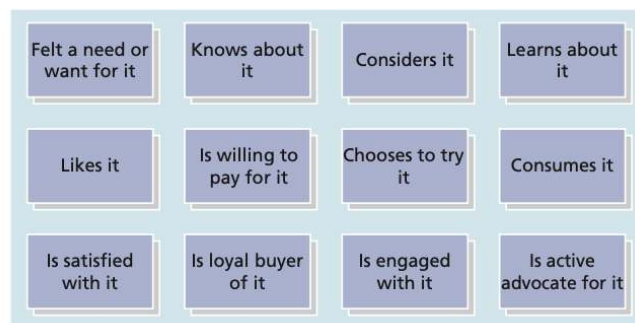
To help set the stage, we consider the following findings and how they highlight today's rapidly changing marketing landscape and the profound implications for brand marketers:

1. 97% of consumers turn to a search engine like Google when they are buying a product
2. 96% of consumers search for product information using their mobile device
3. 95% of millennials expect brands to have a Facebook presence
4. 89% of consumers do online research before purchasing in-store

The traditional consumer decision journey implied a series of systemic stages, including awareness, consideration, purchase intention and purchase. Mapping the journey was fairly simple, but due to dramatic developments in digital marketing and social media, this journey is now significantly different. The consumer decision journey in the digital era differs significantly from traditional models, where buyers followed a linear path from awareness to purchase. Online environments allow consumers to move through decision stages in a *non-linear way*, influenced by new brand information at any point.

Brand managers must recognise the influence of multiple digital channels throughout this journey and understand how it varies among consumer segments.

Additionally, *encouraging post-purchase engagement* is crucial, as satisfied customers can become *valuable brand advocates* through word-of-mouth referrals.



**Growth of online retailing** -> The rise of online retailing has transformed shopping habits, with consumers increasingly *favouring digital over physical stores*. Key indicators include projected e-commerce sales of \$414 billion in 2018 and widespread consumer preference for better deals and



convenience online. Amazon exemplifies this shift, accounting for 5% of all retail sales. As in-store shopping declines, traditional retailers face mounting pressure. To stay competitive, brand managers must *enhance their online presence* and create engaging, personalised digital experiences. However, many consumers still value in-store visits for hands-on interaction and then place the order online at a lower price, a trend known as *showrooming*, which highlights the need to balance online and offline strategies. Amazon's innovation-driven growth underscores the urgency for brands to adapt to evolving retail dynamics.

### The phenomenal rise of Amazon

Amazon's journey began in 1995 as an online bookstore but quickly evolved into a *global powerhouse*. After issuing an IPO in 1997, the company expanded its product offerings and entered new markets, signalling its ambition to sell everything "from A to Z." By the early 2000s, Amazon was turning profits, launching services like cloud computing, and selling a wider range of products such as jewellery and shoes. Major milestones followed: the introduction of Amazon Prime in 2005, AmazonFresh in 2006, and the Kindle in 2007. Acquisitions like Audible in 2008 and innovations like the Kindle Fire (2011), drone delivery (2013), Alexa and Echo (2014), and Fire TV further diversified the company's portfolio. By 2016, Amazon Prime Video marked its strong push into entertainment. Amazon's rapid growth led to a market value of \$250 billion by 2015. It became a leader in cloud computing with AWS and expanded into physical retail with its 2017 acquisition of Whole Foods. Founder Jeff Bezos credited Amazon's success to its *bold decision-making and ability to anticipate customer needs and market trends*. The company has consistently *used innovation to expand globally and reshape entire industries*.

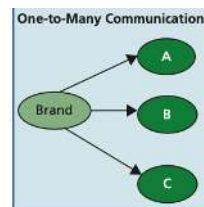
**Advertising and promotions using digital channels** -> One of the most significant shifts brought about by digital channels is the *reallocation of advertising budgets from traditional to online platforms*. By 2017, global spending on digital advertising surpassed that of television, reaching \$209 billion compared to \$178 billion for TV. This trend is expected to continue, with digital advertising projected to be nearly 50% larger than TV advertising by 2020. A key driver of this growth is mobile advertising, which alone accounts for \$100 billion and nearly half of all digital ad spending. This reflects a major transformation in how brands reach and engage consumers in the digital age.

### Igniting a digital firestorm

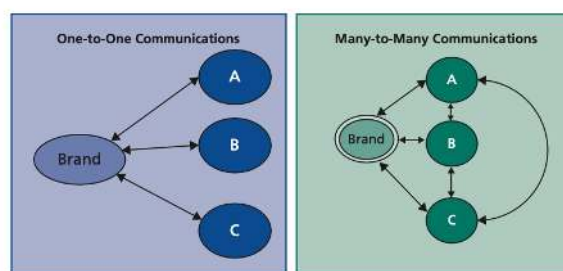
Black Friday, the day after Thanksgiving, is known for massive sales and frenzied in-store shopping, marking the start of the holiday shopping season. However, not everyone embraces the retail chaos. Critics argue that it disrupts Thanksgiving for retail workers and has lost relevance due to early online deals. In response, outdoor retailer REI launched the #OptOutside campaign, closing all stores and encouraging people to spend time outdoors instead of shopping. This bold move earned REI widespread *praise and media coverage, boosted its social media presence by 7,000%, and attracted 1 million new members in 2015*. Both in-store and online sales saw significant growth. The campaign's success lay in *aligning REI's brand values with its customers' lifestyles*, proving that purpose-driven marketing can create strong customer engagement and loyalty.



**One-to-many to Many-to-many channels** -> Traditional marketing relied heavily on mass media like TV, print, and radio, where communication flowed one-way from brands to passive consumers. This one-to-many model offered *limited feedback from customers*. Over time, marketing evolved into more personalised *one-to-one communication*, as seen with direct mail from companies like L.L.Bean and J.Crew. Today, digital platforms like Facebook and Twitter have enabled a *many-to-many communication* model, where consumers interact with each other and brands in real time. This shift has transformed consumers from passive recipients to *active participants*, increasing both engagement and the number of touch-points and data available to marketers.



**FIGURE 7-3**  
Traditional Marketing: One-to-Many Communications



**FIGURE 7-4**  
New Media Environment:  
Two-Way and Many-to-Many Communications

**Increase in consumer touch-points** -> The rise of digital marketing and social media has significantly increased the number of touch-points through which brand managers can engage with consumers. Unlike the traditional one-way communication model using TV, print, and radio, today's landscape includes platforms like Facebook, Twitter, Instagram, and more. This expansion has made *media planning more complex*, requiring brand managers to coordinate multiple channels into a *cohesive, integrated strategy*. To maintain consistency, brands must have clear positioning and guidelines for how they appear across platforms. Additionally, understanding which channels deliver the best return on investment through *attribution modeling* is now a crucial and challenging part of brand management.

**Increase in data availability** -> The explosion of digital channels has led to an overwhelming amount of data for marketers, from website clickstreams to ad performance metrics and social media activity. This data provides valuable opportunities to *personalise offerings and better understand consumer behavior*, but only if it's effectively analysed. Advanced analytics tools help brands like J.Crew uncover insights that can boost engagement and sales, such as identifying which social platforms drive the most engaged users. Social media also generates massive amounts of consumer *sentiment data*, offering marketers a deeper look into brand perception. However, with this data boom comes the responsibility of protecting customer privacy. If mishandled, data use can erode trust, making it crucial for brands to strike a balance between leveraging insights and respecting user confidentiality -> While the availability of data has provided many advantages to brand marketers in targeting consumer segments with specific



benefits and offers, there are also downsides to these vast amounts of data. One challenge of data availability has to do with ensuring that *customer privacy is preserved*. Privacy violations can lower consumers' trust in brands. *Brand marketers have to balance their desire to collect, analyse, and use customer data to improve their strategy while avoiding loss in customer trust.*

**Digital personalisation** -> Digital personalisation and dynamic pricing have revolutionised marketing by allowing companies to *tailor products, messages, and offers based on individual customer behavior*. Using big data, marketers can *micro-target consumers* at various stages of the decision journey, taking into account demographics, online activity, and even physical location. This level of personalisation has proven effective: it can reduce acquisition costs by up to 50%, boost revenue by 5–15%, and improve marketing efficiency by 10–30%. A common tactic is **retargeting**, where ads are shown to users who browsed but didn't buy a product. This strategy works best after customers visit review sites or explore a product category in depth. However, personalisation has potential downsides -> Consumers may view variable pricing as *unfair or intrusive*, especially if it appears to exploit personal data, as seen with Orbitz charging Mac users more after discovering that they tended to spend more on hotel rooms compared to users of other types of PC. To address this, brands need *transparency*, consumer permission, and clear value in exchange for data use. Organizational readiness is key to successful personalisation. Companies must know which data to prioritise, have agile, cross-functional teams, and a strong testing-and-learning culture. For example, a major bank saved \$300 million by tailoring offers based on where consumers were in the banking journey, from website visits to in-branch interactions. The following points summarise 3 organisational prerequisites for digital personalisation to be successful:

1. Organisations must invest in a customer data warehouse that provides continuous monitoring and feedback regarding customer needs and wants and how well those are being satisfied through company offerings
2. Organisations must deploy cross-functional teams to understand the customer's decision journey, which may involve a variety of different channels, including the company's web site, a mobile app, or an in-store experience
3. Organisations must employ an iterative process of testing and learning to identify what works and what does not

**Loss of control over brand message and co-creation of brand meaning** -> the shift to digital has decreased the extent of control that a brand manager has on brand meaning. In the digital age, brand managers *no longer have full control over brand messaging* as they did in the pre-digital era. Today's many-to-many communication landscape, driven by social media platforms like Facebook, Twitter, and Instagram, enables *real-time, large-scale conversations among consumers*. This shift has transformed consumers into *co-creators* of brand meaning. Brand meaning is now shaped by three key forces:

1. **Firm-generated brand meaning** -> Traditional marketing activities by companies.



2. **Consumer-generated brand meaning** → Conversations and user-generated content shared across digital platforms.
3. **Media and cultural influences** → Broader societal trends and media narratives.

This new environment complicates brand management, as messages can be influenced by unexpected sources (e.g., a cocktail recipe linking 7UP with Smirnoff on Twitter). Social media can amplify *both positive and negative brand stories*. For instance, Samsung faced backlash due to recall-related buzz, while Apple benefits from hype ahead of product launches. To stay relevant and mitigate risks, brand managers must:

- Coordinate multiple sources of brand meaning.
- Monitor social media actively.
- Be prepared to respond quickly to crises.

Brands are also increasingly inviting consumers to *participate in co-creation efforts*, such as design contests or ad creation (e.g., Doritos' "Crash the Super Bowl" campaign), though there's a limit to how much control brands can or should share.

**User experience is the key to digital brand success** → Successful digital brands prioritise *seamless user experience* as a key to their success. Examples like Amazon's one-click purchasing, Apple's intuitive devices, and Google's simple search engine highlight how ease of use drives brand popularity. Key aspects of a great user experience include:

- *Easy-to-navigate interfaces*
- *Smooth transitions across devices*
- *Integrated ecosystems* (e.g., Apple's hardware, software, and services working together)

Apple, in particular, exemplifies this by controlling *every element of the customer journey*, from product design to in-store experience, ensuring *convenience and consistency*. This expectation for seamlessness now extends beyond digital brands to all industries. As the CEO of the American Marketing Association notes, consumers expect *friction-free interactions* everywhere, whether it's a rental car company like Avis or a tech-driven service like Uber.



### Is Co-creation of brands and products always good?

From a consumer standpoint, social media opens up opportunities for participating in the co-creation of brands and products. This involvement can lead to *increased brand loyalty*, as it fosters a sense of psychological ownership and empowerment. Consumers often enjoy the process of co-creation, and the effort they put in can enhance their preference for the resulting product. However, *not all consumers are equally motivated or suited for co-creation*, and the benefits to brands can vary. Research shows that co-creation is more effective in advertising when viewers are less critical, share similar identities with the ad creators, or are already loyal to the brand. In contrast, co-creation tends to be less successful in product categories where quality is critical or in the luxury segment. Cultural factors also play a role; for instance, consumers with a strong belief in power distance, or social hierarchy, are less likely to engage in co-creation. These findings suggest that while co-creation can be valuable, it is not universally effective. Brands need to be strategic, considering the type of product and the characteristics of their audience before inviting consumer participation.

**Brands as cultural symbols** -> Brands today hold more *cultural influence* than ever before, serving as tools for consumers to *express identity and connect with others*. As brands become deeply embedded in everyday online conversations, brand managers must adapt to maintain cultural relevance. This includes enabling consumers to engage with brands on social media, participate in brand communities, and fostering authenticity by not overly controlling these interactions. To achieve cultural resonance, brands must present a *genuine voice and avoid any appearance of insincerity*, as consumers are quick to call out hypocrisy. The backlash against Pepsi's Kendall Jenner ad campaign highlights how quickly public relations crises can escalate on social media. As a result, brands must also be ready with *crisis management strategies* to respond swiftly and effectively when controversy arises.

### Pepsi's ad misfire

Kendall Jenner became the center of controversy after starring in a Pepsi commercial that many viewers felt trivialized the Black Lives Matter movement. In the ad, Jenner leaves a photo shoot to join a protest and diffuses tension by handing a police officer a Pepsi. The campaign was widely criticized for appearing to exploit a serious social issue for commercial gain. Although Pepsi quickly pulled the ad and issued an apology for its poor judgment, the backlash was strong and widespread. Prominent voices, including Bernice King—daughter of Martin Luther King Jr.—condemned the ad for minimizing the significance of civil rights protests and the sacrifices made by those involved.

## Brand engagement

Consumer-brand engagement is an important focus of brand managers, and there is even more emphasis on achieving this in a digital marketing and social media context. Customer engagement refers to the extent to which consumers are willing to *invest their time, energy, money, or other resources into a brand beyond simply purchasing or using its products*. Engaged customers often go a step further by participating in activities like joining brand-related clubs, subscribing to updates, interacting with other users or brand representatives, and becoming active in online communities. In the digital realm, this engagement takes many forms. Consumers



may *cross-buy* (purchase multiple products from the same brand), *refer others, leave reviews, or create blog and social media content about the brand*. These behaviours reflect a deeper emotional or functional connection with the brand and are valuable to companies because they *foster loyalty and advocacy*. To better understand engagement, it can be broken down into three levels:

- **Low brand engagement** typically includes behaviours such as occasionally purchasing products or offering casual positive feedback. Some consumers may show minimal to no interaction with the brand, often labeled as “indifferent.” Even if they purchase the product, they don’t actively invest beyond the transaction.
- **Moderate brand engagement** involves a higher degree of interaction. This could include calling a company’s customer service line for more information, submitting feedback or suggestions (such as recommending new flavours), or responding to surveys. These consumers are somewhat involved and willing to contribute ideas or opinions.
- **High brand engagement** is the most active form of participation. These consumers may join or create brand communities, start fan pages on social media, evangelise the brand by helping others troubleshoot issues, recommend products, or even defend the brand in online discussions. They act as unpaid advocates, and brands are encouraged to support this behavior through both monetary (discounts, loyalty points) and non-monetary (recognition, exclusive access) incentives.

Importantly, not all engagement is positive. Consumers can also exhibit *negative brand engagement*, which can range in intensity. On the lower end, this might involve reducing purchase frequency or filing complaints. More intense forms include posting negative reviews, advising others against the brand, or cancelling services. At the extreme, consumers may organise or join online boycotts or “brand hate” communities, such as Facebook groups aimed at criticising brands like Walmart or Comcast. These forms of engagement, especially the negative ones, are increasingly *amplified by digital platforms*, which provide consumers with a loud and far-reaching voice. As such, brand managers must not only encourage and nurture positive engagement, but also monitor and address negative sentiments quickly, as they can escalate into social movements or PR crises if left unmanaged.

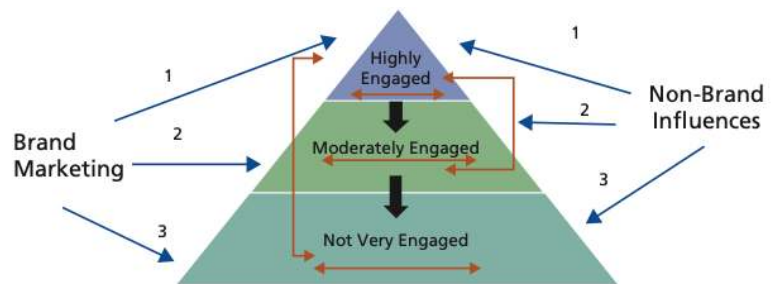
**Brand engagement pyramid** -> Customers differ in *how willing they are to engage with brands*, so marketers must tailor their strategies to foster and strengthen positive engagement. One effective approach is to *segment customers based on their level of engagement*, often using demographic and behavioral factors like age, income, or expertise. This segmentation is visually represented by the brand engagement pyramid, which helps identify the *size and influence of each engagement group*, from highly engaged to disengaged or negatively engaged customers. Marketers must consider several key questions when analysing engagement levels. These include understanding the *distribution of customers across the pyramid*, how many are highly engaged versus indifferent or negatively engaged, and whether highly engaged customers influence those

at lower  
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**Table 7-4** Pros and Cons of Primary Paid Channels

Channel	Pros	Cons
E-mail	Less costly, quick and easy to conduct a campaign. Highest return on investment (ROI) among major channel options.	Unsolicited e-mails may lower reputation among customers; e-mails may be viewed as scam.
Search	Allows for hypertargeting of desired target audience and high-quality lead generation; required budgets are small, campaigns have clear ROI metrics.	Competition for certain keywords can drive up budgets; optimization of a campaign is time-consuming; a non-visual (text-only) ad type can limit what the brand can convey.
Display or banner	High reach of banner ads is ideal for building awareness. Flexible style and format.	Lack of control over ad placement, potentially harmful to reputation, could be viewed as spam.
Social media advertising (e.g., Facebook, Twitter, LinkedIn, etc.)	Effective targeting capabilities; on Facebook, it is possible to target based on specific interests, political affiliation, etc.; on LinkedIn, by profession, job titles, etc. Affordable and generally effective. Click-through rates of Facebook ads are 8 times that of normal Web ads. High degree of accessibility to all types of businesses or individuals.	ROI is unknown, and social media ads may be viewed as intrusive by consumers. Optimizing an ad campaign requires constant monitoring and updating. Concerns over privacy may prompt further legislation preventing use of customer information for advertising targeting.
Video advertising (e.g., Facebook video and YouTube video)	Video allows brands to engage customers through sight, sound, and audio.	Targeting may not be as precise; customization or verification is not possible; audience may be too distracted to pay attention.
Sponsored blogging, influencer marketing, and content marketing	Brands can leverage popular social influencers to persuade consumers through sponsored word-of-mouth. High awareness-generating potential; high potential for engaging customers.	Depends on identifying the right influencers with the right appeal. The Federal Trade Commission requires all sponsored bloggers to disclose their sponsorships, thus lowering the effectiveness of word-of-mouth relative to organic word-of-mouth.
In-app (mobile) advertising	Ability to target consumers at the right place and time. Mobile in-app advertising leverages the popularity of mobile devices. Location data allows for precision targeting, particularly of coupons and promotions.	In-app banner ads may not generate the most revenue.

Marketers must also evaluate *how information and influence flow* within and across these levels, and what this means for brand loyalty and purchasing behavior. Another critical consideration is identifying the *most effective communication methods* for each group. For highly engaged customers, marketers need to determine which tools and messages deepen their commitment. For less engaged or indifferent consumers, strategies should focus on sparking interest and encouraging greater involvement. Understanding these dynamics is essential for building stronger brand relationships. We need to take into account that digital platforms not only enable deeper positive connections but also facilitate negative expressions, including social movements, brand boycotts, parody, and hate communities.



**Negative brand engagement ->**

The growth of digital marketing and social media has led to the creation of brand communities, where consumers engage with and often form strong opinions about brands. While many of these communities are positive and foster brand loyalty, some can turn into platforms for criticism and dissatisfaction, such as anti-brand pages like "Comcast Sucks" or "I Hate Apple." These groups allow consumers to *express frustrations* over issues like poor customer service or high prices. Despite the negative tone of some communities, brands can use these platforms to *address grievances*, with many companies hiring brand ambassadors to help resolve issues. These communities can also fuel *social movements and brand boycotts*, like the #GrabYourWallet campaign against businesses selling Ivanka Trump-branded products, or support, as seen with increased sales of Ivanka Trump's



perfume on Amazon during the same period. Digital communication also amplifies the power of consumers to *ridicule and parody brands*. For example, the viral "United Breaks Guitars" video, created by musician Dave Carroll after United Airlines damaged his guitar, caused a significant drop in the airline's stock. Similarly, United Airlines faced another backlash when a passenger was dragged off a flight, an incident captured on video and shared online. With social media, consumers now have *unprecedented power to influence brand reputation*. This shift is changing how brands interact with their audiences, with digital channels, such as websites, emails, social media, and influencer marketing, complementing traditional communication methods. Marketers must understand and utilise these various communication channels to effectively engage with consumers.

#### Drivers of brand engagement

Several factors influence the level of brand engagement consumers exhibit, including brand characteristics, message characteristics, medium characteristics, and consumer characteristics.

- **Brand characteristics:** Brands with symbolic or nonfunctional positioning, unique attributes, or strong differentiation tend to generate higher engagement. Additionally, consumers engage more with publicly consumed goods than private ones.
- **Message characteristics:** The content and relevance of brand messages, such as ads or social media posts, can increase engagement. Messages that evoke strong emotions, like awe or surprise, also encourage greater consumer interaction.
- **Medium characteristics:** The size of the audience and the strength of consumer ties within a medium affect engagement. Brands that use less crowded social media platforms may have a better chance of standing out and gaining attention.
- **Consumer characteristics:** Prior loyalty to a brand, identity goals (such as self-expression or impression management), and the opportunity for co-creation (inviting consumers to contribute to product or service development) can all drive engagement. However, the effectiveness of co-creation depends on the consumer type and the product category.

#### Digital communications

Digital brand marketers can use three main types of channels: **paid**, **owned**, and **earned**.

- **Paid channels** involve running paid advertisements, including digital ads like Google AdWords, social media ads (e.g., Facebook, Instagram), display ads, banner ads, e-mail marketing, and mobile ads. Traditional advertising, such as TV and print, also falls under this category. Social media ads are increasingly focused on video content.
- **Owned channels** are platforms that a brand controls, such as its website, YouTube channel, and mobile apps. These channels provide valuable information about a company's offerings and help foster direct engagement with consumers.
- **Earned channels** refer to organic, unpaid content that generates brand buzz, like online reviews, social media mentions, and consumer-generated content. These channels build



publicity and contribute to brand engagement *without direct costs to the company*. Positive mentions on review sites or social media can significantly boost brand visibility.

A combination of paid, owned, and earned channels supports a brand's overall marketing strategy, creating brand presence and engagement. Some experts also consider **shared media** as a fourth channel, emphasising the role of consumer-generated content in brand communication.

#### **How millennials fueled trip-advisor and airbnb**

Millennials are the prime driver of the sharing economy, so it should come as no surprise that most of them tend to *rely on their peers' reviews to plan their holidays*. This has helped TripAdvisor, which encourages travellers to share their honest holiday experiences, become one of the most influential websites. Another company that has benefited from millennials' eagerness to share experiences is Airbnb. Many millennials look for personal and "real" adventure while traveling, and living in other people's homes can provide that sense of authenticity. Sharing such experiences on social media helps fuel the popularity of Airbnb's services among millennials even further

**Company web sites** -> represents a key brand asset and a primary marketing tool in the online context. Company websites play a vital role in shaping brand perception and engaging customers, often serving as the first point of contact. They are especially important for small businesses and B2B contexts, where they may be the *primary communication channel*. Websites help marketers by generating leads, sharing contact info, enabling customer interaction, and supporting after-sales service. However, building an effective site requires *time and financial investment* to ensure it aligns with the brand's identity and message. It also needs to be *optimised for search engines* so that it appears prominently in relevant searches. This involves using content that matches the keywords customers are likely to search. In addition to websites, many companies now offer *mobile apps* to improve accessibility, as they are relatively easy to launch and use.

**E-mail marketing** -> Despite the rise of social media, email marketing remains the most effective communication channel, offering a high return on investment (ROI)—with a 122% median ROI, far surpassing other methods. Its success depends on *segmentation, targeting, and personalisation*, where customised emails based on user behavior or demographics outperform generic messages. However, over-personalisation (like using first names) can backfire if seen as suspicious. *Short, engaging subject lines* (e.g., "Hey" or "Wow") and compelling content increase response rates. Timing also matters -> emails sent on Mondays perform better than those sent on Fridays. Success varies by industry, with insurance being a heavy user. Marketers can *test different versions of emails* and track their effectiveness using analytics, enabling continuous improvement.



can target consumers at different stages of the buying journey using relevant keywords. Success is measured via click-through and conversion rates.

**Display advertising** -> Also known as banner ads, this method places ads on relevant websites and charges based on impressions (*cost-per-thousand*). It is an effective tool for brand awareness, especially when placed alongside related content.

#### **Campaigning using click with Google AdWords**

Google AdWords is one of the largest digital advertising platforms, particularly dominant in the U.S. search advertising market, accounting for 78% of search ad revenue. In 2017, search advertising grew by approximately 10%. AdWords *connects buyers and sellers through Google's search engine*, placing sponsored ads on the search results page. Ads are displayed based on *bids for specific keywords* in an ongoing auction, with the highest bidders getting better placements. Advertisers pay on a cost-per-click (CPC) basis, meaning they only pay when someone clicks on the ad. Ad position is crucial for ad effectiveness, and is determined by a combination of *bid price and Google's quality score*. The quality score assesses how relevant the ad is to the user based on factors like keyword relevance and the landing page experience. Advertisers select keywords carefully, choosing between *branded or unbranded terms depending on their brand recognition*. Ads are also impacted by geographic targeting (geo-targeting) and the ad's match with the search query. The click-through rate (CTR) is a key metric, calculated by dividing the *number of clicks by the number of impressions*. Higher placement and better targeting lead to a higher success rate for ads.

### **Overview of social media paid channels**

Social media platforms like Facebook and Twitter provide marketers with *powerful tools to reach and engage targeted communities* based on shared demographics, locations, or interests. These platforms serve multiple functions, such as:

1. *Establishing a brand's public voice and online presence*
2. *Amplifying marketing messages*
3. *Gathering consumer feedback*
4. *Driving customer engagement*

Marketers can also use paid social media advertising, which leverages each platform's unique strengths. However, successful social media marketing requires understanding the *distinct features and limitations of each platform*. While social media offers valuable opportunities for interaction and insight, not all consumers are eager to engage with brands online. Some may view brand activity on social platforms as intrusive. Therefore, companies must manage their presence carefully and respectfully to ensure it resonates positively with their audience.

**Facebook** -> Facebook, with 1.6 billion active users, is larger than any country, and one in four people globally can be reached via its platform. It's especially popular among young adults, women, and educated individuals, with 79% of American adults using it. Mobile access accounts



nearly \$34 billion in global ad revenue in 2017, 87% of which came from mobile ads. Key metrics for Facebook ads include:

- **reach (organic, paid, and viral)** -> Facebook breaks down reach into organic, paid, and viral. *Organic reach* is the number of people who have seen a post in the news feed, in the ticker, and on the page itself. *Paid reach* is the number of unique people who have seen an ad or a sponsored story. *Viral reach* is the number of unique people who have seen a story about a page published by a friend.
- **followers** -> the number of Facebook followers is a good metric to capture the reach and popularity of a given message
- **likes and shares** -> The number of Facebook likes is indicative of customer engagement with a particular message. The number of Facebook shares also indicates how viral a particular message is.

Those metrics indicate the success and engagement of a campaign. Facebook's massive user base allows for highly targeted ads, reaching specific demographics based on age, gender, interests, and more, making it an effective platform for advertisers. However, there are downsides to Facebook advertising. *Not all followers see posts due to user control over what appears in their feed*, and targeting can sometimes lead to ineffective results, as seen in Procter & Gamble's experience with Febreze. Social media platforms, including Facebook, also face increasing scrutiny over *data privacy and misuse*, which could hurt their reputation and the future of social media advertising if not addressed.

**Twitter** -> Twitter, the second-largest social media platform after Facebook, offers several advantages for advertising. Tweets go *directly to followers*, allowing for easy and direct communication, making it an effective tool for customer service and showcasing a brand's personality. However, Twitter faces challenges, such as a high volume of tweets that can make it *difficult for a brand's posts to stand out*, and the character limit on tweets (increased to 280 characters), which restricts the content's depth. A notable example of successful Twitter marketing is Procter & Gamble's #LikeAGirl campaign for the Always brand in 2015. The campaign, which aimed to challenge societal stereotypes, went *viral*, trending on Twitter after being featured during the Super Bowl. This led to widespread attention and built a movement around women's empowerment, increasing sales for the brand. Twitter is also *valuable for customer service*, as seen with Delta Air Lines, which used Twitter to engage with customers via the @deltaassist handle. Similarly, Domino's Pizza introduced a campaign where customers could order pizza by tweeting a pizza emoji, boosting digital orders to over 50% of its sales.

**Instagram** -> Instagram, with around 400 million users, primarily targets a *younger audience* and boasts *higher brand engagement* compared to other platforms. Its focus on *visual content* (images and videos) allows for creative, nontraditional marketing strategies. Instagram's younger, more skeptical users tend to view traditional ads negatively, making the platform an ideal space



for more *authentic approaches*. For example, Samsung ran a holiday campaign called #SamsungPayItForward to promote its mobile payment service, leveraging social influencers to create sponsored posts showcasing how people used the app.

**Pinterest** -> Pinterest is a platform focused on *visual content*, making it ideal for brands that rely on imagery. It offers advantages like easy-to-create "Buy It" pins and generates *more referral traffic* than other social media platforms. However, it has limitations, including its *niche focus* on lifestyle content and its predominantly *female user base*. An example of success on Pinterest is Krylon paint's "first-ever Pinterest yard sale." During the 127 Yard Sale, Krylon's DIY experts purchased and transformed items along the route, selling them through Pinterest's "Buy It" pins, with all proceeds going to charity. The campaign resulted in a 4,400% increase in Krylon's Pinterest following and earned \$2.7 million in media value from a \$200,000 budget.

**Video** -> Video has become a powerful tool for brand building, especially for *storytelling and emotional engagement*. Videos can appear as *paid ads* on platforms like YouTube and Facebook or be *shared through a brand's own channels*. Effective video campaigns often focus on emotional, *non-sales-driven narratives* that resonate with viewers. For instance, Nivea's "Second Skin" YouTube video portrayed a touching reunion between a mother and son using VR technology, generating over 150,000 views through its heartfelt approach. Similarly, German supermarket Edeka's #HeimKommen ad highlighted elderly loneliness during the holidays, earning over 33.5 million views in one week and greatly enhancing brand awareness. Luxury brands also use video to *maintain exclusivity*. In 2016, Burberry launched a Snapchat Discover ad featuring a limited-time fragrance video, reinforcing its prestige image. Overall, video is highly effective in *deepening emotional connections and boosting brand perception*.

Global use of social media -> social media is a global phenomenon, and many of the techniques presented here are applicable in many parts of the world, with the notable exception of China (due to government restrictions). China's digital landscape features several major social media platforms, each offering unique marketing opportunities:

- **WeChat** (by Tencent), often called the "Facebook of China," has over 1 billion monthly users and functions as an all-in-one app for messaging, shopping, gaming, and daily services like booking flights and paying taxes. Brands use WeChat Moments to share content with followers.
- Sina Weibo is a micro-blogging platform similar to a mix of Twitter and Facebook, popular in urban areas with 313 million monthly users. It allows for multimedia sharing and following public figures or brands.
- QQ (also by Tencent) is a messaging app with 869 million users, offering features like games, group and voice chats, and shopping.
- Youku is China's version of YouTube, with 580 million users. It supports various video ad formats including banner ads, viral videos, and pause ads, helping brands engage visually.



- Baidu Tieba, linked to the Baidu search engine, has 660 million users and allows brands to create forums that users can discover through search, enhancing community and brand visibility.

## Mobile marketing

Consumers now check their mobile phones over *150 times a day*, often considering them essential to daily life. This reliance has driven rapid growth in mobile advertising, with the global market expanding from \$141.7 billion in 2017 to an expected \$531 billion by 2024. In the United States alone, mobile ad spending reached around \$50 billion in 2017, with display and search ads making up the bulk of the expenditure. Mobile's popularity stems from the *increasing amount of time people spend on their smartphones*, over three hours daily, far surpassing desktop use. A significant portion of that time is spent on a *single favorite app*, usually social media, reinforcing mobile's role as a *tool for communication and entertainment more than for commerce*. Mobile marketing is powerful because it can deliver *timely, location-based messages that are highly relevant to a user's context, behavior, and physical location*. Since mobile devices are always on, they allow for real-time communication, making it essential for marketers to keep messages simple, direct, and engaging. *Text message marketing*, including SMS and MMS, is highly effective, with 90 percent of texts being read within three minutes and response rates five times higher than email. Companies like Reuters and BMW have used messaging to deliver time-sensitive content or reminders to customers. *In-app advertising* is also a major tactic, allowing brands to create *immersive and interactive experiences* within mobile apps. For example, Taco Bell's "Taco Head" Snapchat campaign generated 224 million views in one day and significantly increased user engagement. Apps like Grab in Southeast Asia show how integrated mobile services can *enhance customer engagement*. Grab combined ride-hailing with food delivery, mobile payments, and rewards, offering personalised promotions based on where a user was headed. These services not only made life more convenient for users but also helped Grab *understand customer preferences and deliver real-time value*.

*Proximity marketing*, also known as *geo-fencing*, uses location data to send targeted ads to users in specific areas. Brands like Campari offered users discounts or free rides within bar-heavy zones, while companies like Walmart used push notifications to send personalised messages via their apps based on user behavior and location. Academic research supports the effectiveness of mobile marketing under specific conditions. As mobile devices continue to grow in importance to consumers' daily lives, research has also examined how mobile marketing techniques can contribute to added sales. A few key findings from academic research are worth noting:

1. Environments may impact the effectiveness of mobile advertising and promotions. One study found that, counterintuitively, mobile promotions can actually be more effective in crowded area (I.e. trains) as consumers adaptively focus more on their mobile devices to tune out external noise and distractions



2. Mobile targeting based on time and location is more effective the closer the promotion is to actual purchase
3. Targeting consumers who are closer in physical location to competitors' locations produces better results than targeting mobile promotions to consumers who are closer to the company's own locations. Targeting consumers closer to the company's own location with mobile promotions and discounts may result in cannibalising sales from that location and reducing profitability
4. Targeting consumers with mobile promotional coupons can boost overall spending, particularly unplanned spending, if the coupon requires consumers to travel farther than their planned path

## Influencer marketing and social media celebrities

Influencer marketing involves *partnering with influential individuals*, such as bloggers, celebrities, and social media personalities, to promote products and brands through their content. It has become a major strategy in digital marketing, with Instagram influencer marketing alone growing into a billion-dollar industry. By 2016, the majority of marketers were already investing in influencer marketing, and many planned to increase their budgets due to its effectiveness. Influencers can have a powerful impact on consumer behavior, often generating *higher engagement and trust* than traditional advertising. For instance, audiences exposed to influencer content have been shown to spend significantly more than those who are not. Prominent influencers can earn substantial incomes, with top YouTubers making up to \$300,000 per video. Brands like Emirates and Mercedes-Benz have seen great success through influencer campaigns. Emirates teamed up with YouTuber Casey Neistat, whose video on a first-class upgrade generated over 27 million views. Mercedes' #MBPhotoPass campaign let influencers creatively showcase its cars, resulting in massive engagement and \$4 million in earned media. *Authenticity is key* to influencer marketing's success, but *transparency is essential too*. Influencers are often paid for their posts, and the Federal Trade Commission requires that such sponsorships be clearly disclosed to maintain trust and compliance with advertising regulations.

## Content marketing

Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience—and, ultimately, to drive profitable customer action -> type of marketing that involves the creation and sharing of online material that does not explicitly promote a brand but is intended to stimulate interest in its products or services -> beneficial in appealing to certain groups of people and in achieving specific goals. Content marketing differs from traditional marketing in that it focuses on *delivering valuable and engaging content that consumers actually want to consume, rather than directly promoting products or services*. Its main objective is to connect with audiences by addressing topics of interest and aligning content with the needs and decision-making journey of potential buyers. This often involves *creating buyer personas and tailoring content for each stage*



*of the customer journey*. *Storytelling* plays a central role in content marketing, helping to build emotional connections and retain customer interest. *Distribution is also key*—> successful strategies go beyond social media to include blogs, websites, and other unique channels to ensure the content reaches its intended audience. Importantly, content marketing should be closely aligned with *broader marketing and PR efforts* to build brand awareness, generate leads, and support sales goals. Two case studies illustrate the power of content marketing.

- *John Deere's The Furrow magazine*, launched in 1895, focuses on providing practical and enjoyable content for farmers, such as tips on soil health and business operations. Though branded, its emphasis remains on farmers' interests, which has kept it successful for over a century.
- *Movoto*, a real estate agency, used a creative campaign called "Mapping Marvel Origins" to engage comic book fans by mapping Marvel superheroes' birthplaces and tying them to real estate. The campaign went viral, gaining attention from major media outlets and generating thousands of social shares. Both examples show how focusing on storytelling and customer interests, rather than hard selling, can yield strong brand engagement.

While content marketing is effective, it also raises *legal and ethical concerns*. Marketers must comply with Federal Trade Commission (FTC) rules that require clear disclosure of any sponsorship or compensation behind content. If an author is paid or reimbursed by a brand, this must be clearly stated. This is especially important for social media promotions and endorsements, where transparency is crucial to stay within legal boundaries.

### **The pros and cons of paid channels and the need for integration**

With the wide range of online and social media options, brand marketers must create *integrated digital campaigns that utilise the strengths of various platforms*. By combining strategies like influencer and content marketing, they can balance targeting, reach, engagement, and conversions effectively. Integrated campaigns also enhance storytelling. For example, Anheuser-Busch celebrated the Chicago Cubs' 2016 World Series win by producing a nostalgic video featuring the late announcer Harry Caray calling the game. Using both social media and TV, the campaign connected emotionally with fans and earned over 3 million views—demonstrating how blending storytelling with cross-channel integration builds customer relevance and impact.



## Brand management structure

The rise of digital media has significantly shifted consumer behavior, prompting brand marketers to *rethink how they build and manage brands*. Today's marketing strategies must adapt to the way consumers search for, engage with, and evaluate brands online. To navigate this changing landscape, organisations are encouraged to take several strategic actions:

1. **Senior management involvement** is critical. Leaders need to understand how their products and brands are being perceived online and how consumers use digital channels during their purchase journey.
2. **Cross-functional coordination** across departments is becoming essential. Faster, more integrated decision-making helps companies respond quickly to real-time market changes and customer needs.
3. **Data-driven decision-making** is now the standard. Organisations must focus on acquiring the best data and using it effectively. This includes insights into who the customers are, what channels they prefer, and how they interact with the brand.
4. **Brand strategy integration** should be part of a broader organizational strategy. This means understanding how data is collected, shared, and applied internally to align branding efforts with business goals.
5. **Personalisation through data** is key. Marketers can customise messages based on data showing what types of consumers are interested in which products, how they engage with digital platforms, and their opinions on product offerings. Understanding how a brand's appeal varies across the consumer decision-making process allows for more precise targeting.
6. **Social listening and monitoring** are powerful tools. With vast amounts of consumer data available from online conversations, tools like Crimson Hexagon, Radian6, and Brand-watch help brands gather valuable insights. Some companies, like Gatorade, have even set up internal "social listening control rooms" to continuously monitor brand mentions and sentiment, giving management real-time feedback.
7. **Channel coordination** is essential. It's not just about being present on digital platforms; it's about understanding how various online and offline communication efforts interact. Within



digital, marketers need to go beyond social media to include email marketing, paid search, display advertising, and their own websites to ensure a consistent and engaging brand experience.

In short, digital brand management today relies heavily on internal collaboration, smart use of consumer data, and a coordinated multi-channel approach. The goal is to build more personalised, data-informed strategies that can adapt to how consumers behave in the digital world.

### Chapter summary

The growth of digital marketing and social media has ushered in a new era with many distinct trends. These trends portend changes that need to be made in *how marketers organise their efforts and deliver value to their customers*. The wide variety of communication options and the availability of data to target customers with offerings at the right time and place put marketers in a powerful position to engage with customers. These changes also imply that brands will occupy a different role in consumers' lives and have an even greater role as cultural symbols.

### Understanding how online word-of-mouth influences brands and brand management

Online word-of-mouth (eWOM) has become a *major influence on consumer behavior*, as people increasingly rely on blogs, videos, social media, and reviews to make purchase decisions. A global survey found that while 60% of consumers trust traditional advertising, 83% trust recommendations from people they know, highlighting the credibility of eWOM.

Key factors that drive the impact of eWOM include the *volume and tone (valence)* of conversations, with negative reviews typically influencing decisions more than positive ones. However, most eWOM tends to be positive, sometimes due to fake or biased reviews.

The platform where eWOM occurs also matters, as different channels attract different audiences and content styles. *Viral content*, especially that which evokes strong emotions like awe or surprise, spreads faster and more widely—especially when positive.

*Timing and influence are crucial too*. eWOM has the most impact before a product launch, and only a few key influencers often shape brand perceptions. Additionally, eWOM complements other forms of media (paid, owned, and earned) and contributes to an “*echoverse*” of brand messaging.

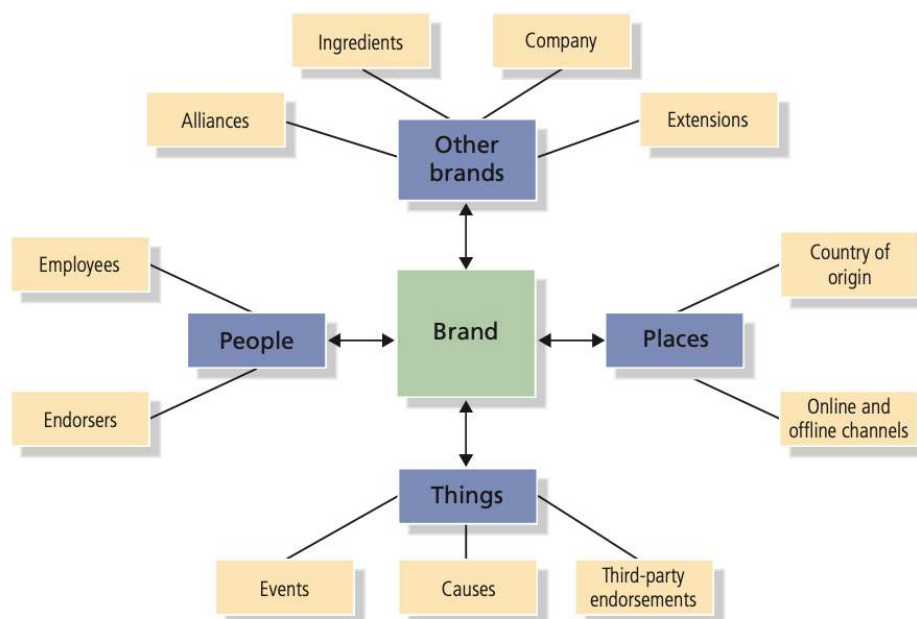
Brands can use eWOM to *track sentiment, position themselves in the market, and gain insights into consumer behavior*. Research shows that eWOM strongly correlates with higher customer satisfaction, better sales, and even improved stock performance. Customers gained through eWOM also tend to be more loyal. Overall, eWOM is a strategic asset that brand managers must actively understand and leverage.

## Chapter 8 - Leveraging secondary brand associations to build brand equity

We now consider the third means of building brand equity, namely through leveraging related or secondary brand associations. Brands themselves may be linked to other entities that have their own knowledge structures in the minds of consumers. Consumers may assume or infer that some of the associations or responses that characterise the other entities may also be true for the brand -> the brand “borrows” some brand knowledge and perhaps some brand equity from other entities.

Secondary brand associations may be quite important for creating strong, favourable and unique associations or positive responses if existing brand associations or responses are deficient in some way. It can also be an effective way to reinforce existing associations and responses freshly and differently. We consider the different means by which we can leverage secondary brand associations by linking the brand to the following:

1. *Companies* (through branding strategies)
2. *Countries or other geographic areas* (through identification of product origin)
3. *Channel of distribution* (through channel strategy)
4. *Other brands* (through co-branding)
5. *Characters* (through licensing)
6. *Spokespersons* (through endorsement)
7. *Events* (through sponsorships)
8. *Other third-party sources* (through awards or reviews)



The first set of associations relates to *source factors*—who makes the product, where it’s made, and where it’s sold—while the rest involve related people, places, or things. We can use Salomon



as an example: the company is well known for its high-quality ski equipment, but if it launched a tennis racquet called *the Avenger*, it would need to *create positive associations in a new category*. Salomon could leverage its strong corporate brand by *sub-branding* (e.g., *Avenger by Salomon*) so that consumers' positive views of Salomon's ski gear might carry over to the tennis racquet. It might also highlight its European origins, partner with respected tennis retailers, co-brand with a trusted component manufacturer, or use endorsements from top tennis professionals or influencers to build credibility. Additionally, it could seek third-party ratings and reviews to add legitimacy. In short, Salomon can enhance its new product's appeal not only through the racquet itself but by *connecting it with existing, trusted entities that influence consumer perception*. We are going to further explore the nature of brand knowledge that can be transferred this way and outlines eight specific methods of leveraging such associations, ending with a special focus on Olympic sponsorship.

## Conceptualising the leveraging process

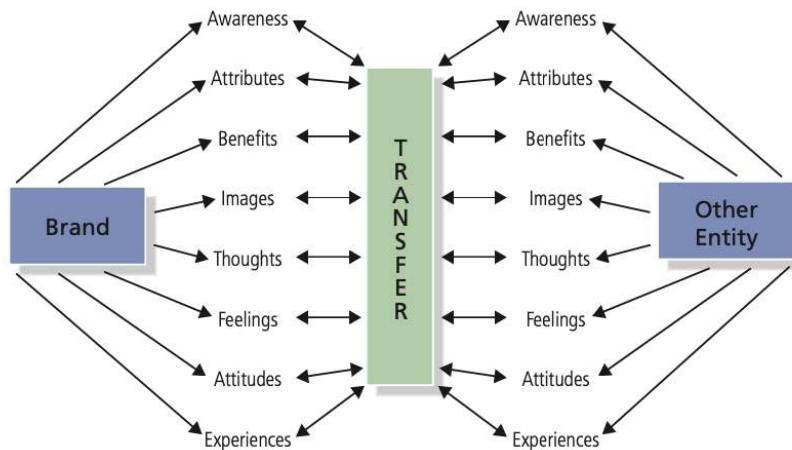
Linking the brand to some other entity, some source factor or related person, place or thing, may create a new set of associations from the brand to the entity, as well as affecting existing brand associations.

By making a connection between the brand and another entity, consumers may form 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. The secondary brand associations affect evaluations of a new product when consumers lack either the motivation or the ability to judge product-related concerns. Those links may also affect existing brand associations -> consumers may infer that some of the associations, judgements or feelings that characterise the entity may also characterise the brand. There are several theoretical mechanism from psychology that predict this type of inference -> *cognitive consistency* = in the minds of consumers, what is true for the entity, must be true for the brand. There are 3 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, favourable and perhaps even unique associations about it; and have positive judgements and feelings about it
2. **Meaningfulness of the knowledge of the entity** -> the meaningfulness may vary depending on the brand and product context. Some associations, judgements, 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** -> if some potentially useful and meaningful associations, judgements, or feelings exist regarding the entity and could possibly transfer to the brand, how strongly will this knowledge actual become linked to the brand?



Consumers can form brand knowledge by associating a brand with various entities, though *different entities are better at influencing specific types of brand knowledge*. For instance, events often shape experiences, people elicit feelings, and other brands help define attributes and benefits. However, a single entity can influence multiple aspects of brand knowledge. For example, linking a brand to a cause, like CVS's "Quit Smoking Together" or AT&T's "It Can Wait", can enhance brand awareness, improve brand image (e.g., kindness, generosity), trigger positive emotions (e.g., social approval, self-respect), shape brand attitudes (e.g., trustworthiness), and create meaningful experiences through community engagement.



Judgements or feelings may transfer more readily than more specific associations, which are likely to seem irrelevant or be too strongly linked to the original entity to transfer. The inferencing process depends largely on the strength of the linkage or connection in consumers' minds between the brand and the other entity. The more consumers *see the similarity between the entity and the brand, the more likely they will infer similar knowledge about the brand*.

Leveraging secondary brand associations can help marketers *create a unique point-of-difference or achieve competitive parity*. When linking a brand to another entity (like a person, place, or thing), marketers must consider how well-known the entity is and how its associations might transfer to the brand. Two main strategies exist:

1. **Commonality leveraging** → When the entity already has associations that align with desired brand traits. For example, a New Zealand wool sweater brand benefits from New Zealand's strong association with wool.
2. **Complementarity leveraging** → When the entity has different or unrelated associations, but still supports the brand's goals. This requires careful marketing to align consumer perceptions. An example is the Cold Stone Creamery–Tim Horton's partnership, which combined different offerings to appeal to customers across more time slots.



While secondary associations can be powerful, they come with risks. Brands have *limited control over how associations evolve*, and not all transferred associations will benefit the brand. Managing these connections carefully is essential to maintain a consistent and positive brand image.

## Companies

Branding strategies are an important determinant of the strength of association from the brand to the company and any other existing brands. 3 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*

Brands can be linked to a larger corporate or product brand, like Samsung or its Galaxy C8 phone, which allows them to *inherit associations and brand equity from the parent brand*. A strong corporate brand can convey credibility, shared values, quality, and consistency, benefiting sub-brands. However, leveraging a corporate brand isn't always ideal. Some companies deliberately *use or acquire smaller, niche brands* (e.g., Ben & Jerry's by Unilever, Burt's Bees by Clorox) to project a more personal or eco-friendly image, especially when targeting specific market segments. An example is LVMH, a luxury giant, investing in Charles & Keith, a fast-fashion brand, to expand into Asia's mass market without diluting its luxury image. LVMH gains insights into affordable fashion while keeping the two brands separate to maintain exclusivity. On the flip side, a brand's industry can shape public perception, sometimes negatively. For instance, oil and financial services often carry skepticism, affecting all brands in those sectors regardless of their individual practices. In summary, linking to existing brands can *enhance new brand value, but it must be done strategically, considering image, market goals, and consumer perception*.



### IBM promotes a smarter planet

IBM, once known as “Big Blue,” transitioned from a product-focused company to a *services-oriented, value-added business* in response to increasing competition and commoditisation. Under CEO Sam Palmisano, IBM sold off its PC division and invested in software and consulting. To align public perception with this transformation, IBM launched the “Smarter Planet” campaign, based on the idea that the world was becoming *instrumented, interconnected, and intelligent*—and IBM aimed to lead in each area. The campaign positioned IBM as a *solution provider for global challenges* like sustainability, privacy, and security. Targeting business and government leaders, it used traditional and digital media, including blogs, videos, and a global “Smarter Cities” tour. Real-world successes, like reduced traffic in Stockholm and energy savings through smart grids, reinforced IBM’s positioning. The initiative boosted IBM’s brand image and financial performance—its stock rose 64% during the campaign. IBM also expanded into high-growth sectors such as healthcare and energy, and won multiple marketing awards. In 2015, IBM shifted from “Smarter Planet” to a new strategy called *“Cognitive Business,”* reflecting its focus on cloud computing, AI, and big data through technologies like Watson. This evolution marked IBM’s move from using data to address challenges to leveraging AI for data-driven insights and solutions.

### County of origin and other geographic areas

The country or geographic location from which it originates may also become linked to the brand and generate secondary associations -> many countries have become known for expertise in certain product categories or for conveying a particular type of image. The modern world is a *“cultural bazaar,”* where consumers freely choose brands from different countries based on perceived quality and image. People may select products, like French wine, Italian suits, or German cars, not just for function, but also to *express identity or prestige* tied to a brand’s national origin. Country-of-origin associations can create a *strong point-of-difference* for brands. These associations may stem from the *brand name* (e.g., Irish Spring), *packaging, or marketing themes focused on location*. Governments and regions also promote products with national campaigns or quality seals (e.g., “Rums of Puerto Rico” or “The New Zealand Way”). However, geographic branding has potential downsides -> *negative events in a country can affect brand perception*, and such associations may resonate differently in domestic versus foreign markets. In collectivist societies (like Japan), consumers often favour domestic brands tied to national identity. In individualist cultures (like the U.S.), consumers focus more on product quality than origin. *Patriotic appeals* are common but can become overused and lose effectiveness. While they can evoke strong emotions, especially during political or economic events, they need to be *used carefully to maintain impact and authenticity*.



### Brand America

At the turn of the century, especially during George W. Bush's presidency, the *global image of the United States declined sharply*. A 2008 Pew Research Center study found widespread *criticism of U.S. foreign policy*, especially in Western Europe and Muslim nations, largely due to the wars in Iraq and Afghanistan and the global financial crisis. By 2007, a BBC poll showed nearly half of respondents in major countries believed the U.S. had a "mostly negative" global influence. Despite this, many *U.S. companies maintained strong reputations*, as consumers seemed to separate politics from business. However, improving America's image became a key narrative with Barack Obama's 2008 election, especially as the U.S. sought to boost tourism, a sector employing one in nine Americans. The decline in America's image intensified after Donald Trump's 2016 election, as his policies, such as withdrawing from international trade deals and climate accords, sparked further global distrust. A Pew survey across 39 countries showed only 22% expressed confidence in the U.S. President and the nation's global leadership role.

### Selling brands the New Zealand Way

New Zealand's global brand has become one of the strongest, ranking fifth worldwide in a 2013 Forbes survey, outpacing even the U.S., thanks to a *sustained and strategic branding initiative* called "The New Zealand Way", launched in 1991. This campaign aimed to reposition New Zealand as a modern, innovative country and boost both *tourism and trade*. It involved a collaboration between the New Zealand Tourism Board, New Zealand Trade & Enterprise (NZTE), and top businesses, along with "Brand Ambassadors" and a fern logo representing the country's green, clean identity. Key success factors included:

- *Massive publicity from movies filmed in NZ (e.g., Lord of the Rings).*
- *Partnerships with airlines, travel agencies, and other organisations.*
- *Use of digital tools and social media to guide and engage tourists.*
- *Emphasis on innovation, integrity, and creativity in business branding.*

In 2011, the tourism tagline shifted to "100% Pure You", an evolution of the earlier "100% Pure" campaign, to further personalise the brand and encourage immediate travel. This slogan was adopted beyond tourism, extending to agriculture and food exports, reinforcing New Zealand's image as a clean, green land with high-quality products. The campaign leaned into *search engine marketing and targeted digital strategies* instead of traditional mass media, driving record tourism growth by 2014. The result is a brand identity for New Zealand that is *highly distinctive, trusted, and emotionally resonant*, both as a travel destination and a source of premium products.

Another challenge with country-of-origin is how consumers actually define it and under what circumstances they care. Many iconic U.S. brands, like Converse, Levi's, Mattel, and Rawlings, now manufacture their products overseas, even though they remain headquartered in the U.S. Additionally, some well-known American brands such as Ben & Jerry's, Budweiser, and Gerber are now owned by foreign companies. As globalisation deepens, the country-of-origin concept is becoming *increasingly blurred*. Consumers may find it *difficult to determine where a product truly comes from*. In response, some governments have tightened regulations to protect national industries. For example, Switzerland requires that watches labeled "Swiss-made" must have less than 50% of their movement's value from non-Swiss parts.

### Channels of distribution

Retail stores can *indirectly influence brand equity* through an *image transfer* process -> consumers form perceptions about brands based on the *image of the store* selling them. Retailers create their own brand images through factors like *product assortment, pricing, service quality,*



*and marketing efforts*. Consumers often *infer brand qualities* from where products are sold. For example, a product sold at Nordstrom might be perceived as higher quality than the same item sold at a discount store. These store-brand associations can either *enhance or damage a brand's image*. However, expanding to new retail channels can be *risky for high-end brands*. When Vera Wang sold items through Kohl's, Macy's dropped her lingerie line. Similarly, Liz Claiborne lost Macy's support after launching a lower-priced line at JCPenney. On the other side, retailers can also harm their own image by stocking exclusive luxury brands, as seen when Sears added high-end labels to its online store, which analysts warned might dilute Sears' mass-market brand image.

#### Understanding Retailers' Brand images

Retailers, like product brands, have brand images that shape consumer perceptions and must be strategically managed. Academic research identifies six key dimensions that influence a retailer's brand image:

1. **Access:** Store location and travel convenience play a crucial role in consumer choice, especially for frequent, small purchases.
2. **Store Atmosphere:** Elements like lighting, music, and layout affect how consumers feel, how long they stay, and how much they spend. A pleasant atmosphere enhances brand perception but may also imply higher prices.
3. **Price and Promotion:** A retailer's pricing strategy, whether Everyday Low Pricing (EDLP) or High-Low (HILO) promotions, influences price image. Frequent, moderate discounts tend to foster a favourable perception. EDLP appeals more to large-basket shoppers, while HILO suits small-basket shoppers.
4. **Cross-Category Assortment:** Offering a broad mix of products under one roof can drive convenience and appeal, but expanding too quickly can be risky. The sequence and logic of product additions matter.
5. **Within-Category Assortment:** A deeper selection within categories improves consumer satisfaction, especially for variety-seeking shoppers. However, retailers can streamline SKUs if they maintain diversity in key product attributes.
6. **Online vs. Offline Image:** Discrepancies between a retailer's in-store and online presence can negatively affect consumer experiences. A seamless, consistent user interface across devices (mobile, tablet, desktop) is essential for maintaining a strong brand image in the digital age.

## Co-branding

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** -> 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. Co-branding, a strategy where two or more brands *collaborate to create a product*, has been a marketing tool for years, with notable examples like Betty Crocker and Sunkist Growers in 1961. Recently, co-branding has gained *more traction as a means to build brand equity*. Examples include Hershey's Heath candy bar being extended into new products and licensed to vendors like Dairy Queen and Ben & Jerry's, and Nike collaborating with Apple to create the Nike+ line of footwear and the Apple Watch Nike+. Co-branding offers several **advantages**:



- It can position a product uniquely by leveraging the strength of multiple brands, making it *more appealing to a wider audience*.
- It can generate *increased sales from existing customers while attracting new ones*.
- It *reduces product introduction costs* by combining the recognition of established brands.
- It can help brands *learn from one another* about consumer preferences and marketing strategies.
- In markets with little differentiation, co-branding can help create a *distinctive product*.

However, *disadvantages* exist:

- Co-branding introduces risks, as *poor performance* by one brand can negatively affect the others.
- If the brands involved are very different, it can *confuse consumers* about the brand message.
- Overexposure from multiple co-branding partnerships can *dilute the impact and weaken brand associations*.
- There is a risk of *distracting from the core brand identity or focus*.

To create a strong co-brand, both brands should have adequate brand awareness, sufficiently strong, favourable and unique associations and positive consumer judgements and feelings. For co-branding to succeed, both brands involved must have *strong individual brand equity*, and there must be a *logical fit* between them. The goal is to combine the strengths of each brand while minimising potential disadvantages. Marketers need to carefully execute co-branding ventures by ensuring *alignment in values, capabilities, and goals*. Detailed plans should be made to address legal contracts, financial arrangements, and marketing coordination. Key considerations for a successful co-branding partnership include:

- *Assessing capabilities, resource constraints, and growth goals*.
- *Determining if the venture is profitable and aligns with brand equity*.
- *Evaluating potential risks, such as brand dilution, and ensuring any external benefits like learning opportunities*.

A high-profile example of co-branding is the Disney-McDonald's partnership (1996–2006), which promoted Disney products through McDonald's. However, due to concerns over childhood obesity, Disney ended the exclusive deal, highlighting the risks of co-branding if one partner loses its positive brand image. McDonald's continues co-branding with other companies like Kraft and Hershey, but brands should consider an *exit strategy* if a partnership no longer aligns with their values or objectives.



### Understanding brand alliances

Brand alliances, such as co-branding and ingredient branding, have been studied extensively in academic research to understand how combining brands impacts consumer perceptions and success.

**Co-branding** -> Co-branding *merges two brands, creating a product that benefits from the strengths of both*. Research shows that the "header" brand (the first brand mentioned) significantly influences consumer perceptions of the co-branded product. For instance, if Godiva is the header brand in a Slim-Fast cake mix, the product is perceived as more luxurious. *Brand compatibility and fit* are crucial for co-branding success. If the brands' attributes align well, consumers view the product more positively, but mismatched brands can lead to confusion or dilution of brand equity. Various studies highlight the importance of *brand image coherence*, where brands with similar personalities (e.g., sophistication) are more successful in partnerships. Additionally, the dominant partner brand can shape perceptions of the co-branded product, especially when it's the more prominent name. Evaluating co-branded partnerships involves considering the *partnership's structure, exclusivity, duration, and consistency in brand images*. The strategic fit between partners significantly influences the success of co-branding efforts.

**Ingredient Branding** -> Ingredient branding involves *adding a branded component to a product*, like a specific ingredient or technology, to increase the product's appeal. Research shows that ingredient branding can *positively influence consumer acceptance*, especially when the ingredient is co-branded with a well-known partner. For example, Tide detergent using Irish Spring as an ingredient may boost initial acceptance. However, for ongoing brand extensions, using a self-branded ingredient (like Tide's own scent) leads to more *favourable long-term evaluations* compared to co-branded ingredients. The strength of the ingredient brand also plays a role in pricing decisions and perceived value, as shown in research on products like laptops bundling Compaq PCs with Intel chips.

Overall, co-branding and ingredient branding strategies can be powerful tools for creating distinctive products and expanding market reach, but their success depends on selecting compatible partners and maintaining consistent brand images.

**Ingredient branding** -> specialised form of co-branding where a *branded component or ingredient is integrated into another product to enhance its appeal*. Examples include Intel chips, OnStar security, Oreo cookies, and products like Corning's Gorilla Glass and Nike's Dri-Fit fabric. This strategy aims to create strong consumer awareness and preference for the branded ingredient, encouraging consumers to choose products that feature it. In *digital settings*, ingredient branding can *boost a product's attractiveness*, such as Apple's CarPlay, which makes certain cars more desirable due to the iOS integration. From a consumer perspective, branded ingredients are often associated with *quality, creating a sense of reliability*. Research shows that branded ingredients can influence consumer choices even if they are not directly relevant to the product. Ingredient branding has grown in popularity as brands seek *cost-effective differentiation*. For example, Gorilla Glass became a differentiating factor for phones after its use by manufacturers like Motorola. Companies may also develop their own ingredient brands, like Ford's EcoBoost engines or Nike's Dri-Fit fabric. Ingredient branding is not limited to physical



products. For example, the Chevrolet Camaro's appearance in the Transformers movie boosted its popularity, increasing sales and visibility. Similarly, Starbucks in Barnes & Noble bookstores is another form of ingredient branding.

**Pros** of ingredient branding include:

- *Enhanced brand equity* for both the ingredient and host product.
- *Stable, broader customer demand and better supplier relationships.*
- *Revenue from both direct ingredient sales and royalties.*

**Cons** include:

- *High marketing costs* for ingredient brands.
- *Loss of control over brand messaging* between the ingredient supplier and host brand.
- *Potential confusion about brand ownership*, especially if the ingredient brand gains too much recognition.

Ultimately, ingredient branding can be beneficial but comes with risks related to brand control, marketing costs, and competition from later entrants. 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 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* -> 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. Licensing is a major global business, with the top 125 licensors generating over \$184 billion in licensed product sales in 2010. Walt Disney is a leading example of successful licensing. Entertainment properties



(e.g., Harry Potter, Transformers), comic and cartoon characters, and sports brands drive much of this growth. Licensing is also a key strategy for fashion designers like Ralph Lauren, whose licensing revenue reached \$169 million in 2015. Licensing offers *legal trademark protection* and can prevent competitors from using brand names in new categories, as seen with Coca-Cola's diverse licensed products. However, overuse of a brand through excessive licensing can confuse or alienate consumers and damage brand reputation if product quality fails.

#### Disney consumer products

Disney Consumer Products (DCP) plays a key role in maintaining the strength of The Walt Disney Company's brand by licensing its popular characters and content across various product categories, including toys, fashion, food, and stationery. With roots dating back to 1929, DCP became the top global licensor in 2015, generating \$52.5 billion in retail sales. Major contributors included Star Wars (\$7.2 billion), Marvel's Avengers, Frozen, Disney Princess, and others. DCP collaborates closely with manufacturers on product development and marketing. Licensing, particularly in video games and consumer goods, remains a vital revenue stream. Between 2010 and 2015, Disney added \$23.9 billion in licensed retail sales, reinforcing its leadership in the U.S. licensing market and showcasing the enduring power of its brand.

Licensing carries risks, especially when brands chase short-term fads or overextend their presence, leading to *market saturation and brand dilution*. An example is Izod Lacoste, which suffered from overexposure and knock-offs, leading to a significant decline in sales. To mitigate such risks, firms *diversify their licensed entities*, develop original products, and use marketing research to align products with brand identity and manage inventory effectively. Corporate trademark licensing involves *using company names or logos on unrelated products to boost revenue, brand exposure, or image*. For instance, Harley-Davidson licensed its brand to diverse products, earning millions in royalties, while also expanding internationally. Other focused brands like Jeep and John Deere have also successfully expanded through licensing. Despite its profitability, typically 2–10% royalty on wholesale prices, licensing can *backfire if the product quality doesn't match the brand's reputation*, risking consumer trust and brand integrity.

### Celebrity endorsement

Using well-known and admired people for promoting products is a widespread phenomenon with a long marketing history. Celebrity endorsements are a long-standing and widespread marketing strategy, used to *attract attention and shape brand perceptions*. While 15% of U.S. ads feature celebrities, this number is higher in countries like India (24%) and Taiwan (45%). Celebrities are chosen for their *visibility and associations* that align with the brand, ideally possessing credibility, trustworthiness, and relevance to the product. Oprah Winfrey is a standout example of a highly credible and influential personal brand. Her authenticity, emotional connection with audiences, and business savvy have turned her into a marketing powerhouse, with a net worth estimated at \$3.1 billion. Through her production company, Harpo, and ventures like *O, The Oprah Magazine*, OWN network, and "Oprah's Favorite Things," she has significantly impacted media, publishing,



and product sales. The “Oprah effect” has made endorsed products wildly successful, including Weight Watchers and Carol’s Daughter. Her partnership with Kraft Heinz on the “O! That’s Good” food line further extends her influence into health and nutrition.

While celebrity endorsements can enhance brand visibility and appeal, they come with significant risks. *Overexposure*, as seen with Peyton Manning, can dilute a celebrity’s impact. A *mismatch* between the celebrity and the product, like Kobe Bryant with Turkish Airlines, can confuse consumers. Celebrities may also fall from public favour due to scandals or controversies, reducing their marketing value, as happened with figures like Bill Cosby and Lance Armstrong. Consumers often question the *sincerity of endorsements*, suspecting they're driven by money rather than genuine product use. High endorsement fees can also add to brand costs. Additionally, celebrities can be *difficult to manage or might undermine a brand’s image*—like Andre Agassi conflicting with Nike’s branding. Another risk is that the celebrity may *overshadow the brand in the ad*, leaving viewers remembering the person but not the product. Pepsi dropped Beyoncé and Britney Spears for this reason. The backlash against Kendall Jenner’s controversial Pepsi ad also highlights how missteps can harm both brand and endorser reputations. Lastly, brands that rely too heavily on a single celebrity can *struggle if that figure departs*. Wendy’s faced this issue after the death of its founder and spokesperson Dave Thomas, as did Rachael Ray’s Nutrish line after shifts in endorsement strategy.

#### Rachael Ray’s Nutrish

Rachael Ray’s *Nutrish* is a super-premium pet food brand launched in 2008 to meet growing consumer demand for healthy, filler-free food for pets. With a focus on wholesome, all-natural ingredients, *Nutrish* positioned itself as a *high-quality alternative in a competitive market* dominated by brands like Purina and IAMS. Rachael Ray was a fitting celebrity endorser due to her fame as a celebrity chef and her deep involvement in pet-related philanthropy through her organisation *Rachael’s Rescue*. Her *credibility* in both food and pet welfare helped *build trust and emotional resonance* with pet owners. The brand tapped into key consumer trends like health consciousness and the “humanisation of pets,” aligning perfectly with evolving consumer values. Marketing strategies for *Nutrish* included a \$40 million campaign across TV, print, digital media, and social platforms. Social *influencer collaborations and a co-branded campaign* with BuzzFeed, including viral videos and CatConLA activations, boosted awareness and engagement. These efforts paid off with a 49% compound annual growth rate (CAGR) and a turnaround in super-premium dog food sales in mainstream retail from -0.5% in 2011 to 13% in 2015. However, the brand’s strong association with Rachael Ray also poses risks. *Over-reliance on one celebrity could limit brand flexibility, future partnerships, and category expansion*. If Ray’s public image declines or becomes less relevant, the brand could suffer as a result.

To avoid the pitfalls of celebrity endorsements, marketers should strategically select and manage celebrity partnerships. Key guidelines include:

1. **Choose Relevant Celebrities:** The celebrity should be well-known, have clear associations aligned with the brand, and those associations should be transferable. For instance, Brett Favre’s relatable, rugged image fits perfectly with Wrangler jeans.
2. **Ensure a Logical Fit:** The celebrity and the brand should align naturally. Overexposure or promoting too many unrelated products can weaken credibility—Jackie Chan, for example,



faced backlash for endorsing too many products, some of which failed or sparked controversy.

3. **Use Celebrities Creatively:** The ad campaign should creatively emphasise the celebrity's relevant traits. Dennis Haysbert's authoritative presence in Allstate ads and William Shatner's quirky humor in Priceline ads are examples of effective alignment and execution.
4. **Rely on Research:** Marketing research should guide the selection of endorsers, shape campaign strategies, and track effectiveness.
5. Lastly, celebrities must also **manage their own personal brand** consistently to retain marketing value. Personal branding, like product branding, requires careful management of image and associations to maintain public trust and influence.

### Managing a person brand

While many branding principles apply to both people and products, person brands have unique challenges and strategies. Key differences include:

- **Intangibility & Rich Imagery:** Person brands are abstract but often come with strong personal imagery.
- **Broad Competition:** It's harder to compare person brands due to wide and unrelated competition.
- **Inconsistency Risk:** A person's many roles and interactions make it difficult to maintain a consistent brand.
- **Multiple Personas:** People may act differently in different settings, adding complexity.
- **Repositioning Challenges:** Changing a personal brand is tough due to public expectations, though not impossible.

Guidelines for Managing a Person Brand:

1. **Manage Brand Elements:** Names, appearances, and style contribute to brand identity.
2. **Consistency Over Time:** Trust is built through repeated words and actions.
3. **Leverage Associations:** Schools, locations, and partnerships can enhance brand equity.
4. **Credibility Is Crucial:** Trustworthiness, likability, and emotional connection are key.
5. **Use Multiple Media:** Online platforms are essential for engagement and visibility.
6. **Stay Fresh & Relevant:** Innovate and evolve to remain appealing.
7. **Strong Positioning:** Clear, unique traits help the brand stand out.
8. **Simplified Architecture:** While sub-branding is rare, personal brand extensions are possible.
9. **Uphold the Brand Promise:** Reputation takes years to build but can be lost quickly.
10. **Self-Advocacy:** Individuals must actively shape and communicate their brand identity.

**Social influencers as the New Celebrities** -> Social media celebrities and online influencers are becoming increasingly important in brand advertising. Top influencers like Michelle Phan can earn millions annually, with YouTubers making up to \$300,000 per video and Facebook influencers up to \$200,000 per post. Beyond these macro-influencers, micro-influencers (with smaller, more niche followings) are gaining traction. Surveys show they can have 10 times more influence on in-store purchases than traditional celebrities. Consumers, especially women, prefer



recommendations from *real, relatable people*, seeing them as *more authentic and trustworthy* than celebrity endorsements. As a result, *social influencers are reshaping the advertising landscape*, offering more genuine and effective brand connections.

## Sporting, cultural, or other events

Events sponsorship, especially in sports, is a powerful tool for *building brand equity*. When a brand sponsors an event, it can benefit from increased *brand awareness*, stronger and more *favourable associations, and greater brand credibility*. The key is choosing events that align well with the brand's image and ensuring the sponsorship is fully integrated into the marketing program. A major way event associations transfer to brands is through *credibility*. If consumers view the event as prestigious, exciting, or trustworthy, those traits can rub off on the brand. However, this depends on the *perceived fit* between the brand and the event, and the *execution* of the sponsorship strategy. Sports sponsorship is especially lucrative. For instance, in 2018, the English Premier League (EPL) generated over €1.2 billion in sponsorship revenue. Top clubs like Manchester United earned €268 million from sponsors including Chevrolet, Aon, and Kohler, while Barcelona followed closely with €261 million in sponsor deals from brands like Nike. Sports offer brands *direct access to dedicated fan bases*, often segmented by geography, age, and interests. In a world of advertising fatigue and media fragmentation, sports provide an *emotional, high-visibility platform to connect with consumers authentically*. A standout example is Kia Motors' sponsorship of the Australian Open. Back in 2002, Kia was a relatively unknown brand in Australia. By becoming the primary sponsor, it significantly *improved brand salience* through repeated name exposure—"Kia Australian Open." Beyond just visibility, the sponsorship matched Kia's *brand positioning as a young, energetic, challenger brand, which resonated well with the dynamic, international vibe of the tournament*. Over the years, Kia has renewed the sponsorship multiple times, and research shows it has become strongly associated with the event in the minds of Australian consumers. This contributed to Kia's growth in market share, although other factors like product quality and pricing also played a role. While the benefits are clear (visibility, relevance, emotional engagement) sports sponsorships are *costly*, often in the multi-million-dollar range. Brands must conduct careful *ROI analysis* to determine if the long-term brand value gained outweighs the financial investment.

## Third-party sources

Marketers can enhance a brand's image by creating secondary associations, linking the brand to *credible third-party sources*. These endorsements help build trust and improve perceptions. Examples of such sources include the Good Housekeeping Seal, which signals product quality with its guarantees, and expert endorsements from figures like Roger Ebert or organisations like



the American Dental Association, which lend authority and credibility. Additionally, consumer review platforms like Yelp and industry publications like PC Magazine can influence public opinion. Awards and rankings, such as those from J.D. Power and Associates, also help build brand equity by associating brands with excellence. Brands often leverage these endorsements in advertising to *enhance their credibility*. For instance, Grey Goose vodka used third-party endorsements strategically to position itself as a premium product, which contributed to its success in the market.

### Grey Goose

Sidney Frank achieved success in the liquor industry by transforming Jägermeister into a market leader in the U.S. by the early 2000s. He then turned his focus to the super-premium vodka market and created Grey Goose, a French vodka made with water from the Cognac region and distilled by the makers of Cardin brandy. The vodka's distinctive packaging, featuring a tall bottle with a unique design of geese in flight and the French flag, helped it stand out. However, the key to Grey Goose's success was a taste-test result from the Beverage Testing Institute, which ranked it as the number-one imported vodka. Supported by extensive advertising highlighting its win as "the World's Best-Tasting Vodka," Grey Goose became a top seller. In 2004, Frank sold the brand to Bacardi for \$2.2 billion. Despite vodka being generally tasteless and odorless, Grey Goose continues to lead in consumer loyalty, praised for its image, versatility, and smoothness.

### Chapter summary

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 characterise 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 favourable brand associations that can serve as points-of-parity or 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.



### Going for corporate gold at the Olympics

Corporate sponsorship plays a major role in the Olympic Games, accounting for nearly a third of the International Olympic Committee's (IOC) total revenue. This form of sponsorship became especially significant after the commercial success of the 1984 Summer Olympics in Los Angeles. Since then, corporations have competed alongside athletes and countries to maximise their investment in the Games. Companies pay substantial sums—up to \$200 million—to join the elite group of TOP (The Olympic Partner) sponsors, which includes globally recognised names like Coca-Cola, Visa, P&G, Samsung, and Toyota. These sponsors receive exclusive global marketing rights, use of Olympic branding, hospitality access, and promotional advantages such as preferred broadcasting and ambush marketing protection. In addition to TOP sponsorship, companies also invest heavily in *related marketing campaigns*. For instance, McDonald's, a long-time Olympic partner, created various youth engagement programs tied to the Games. Procter & Gamble's "Proud Sponsor of Moms" campaign, launched in 2010, spanned multiple Olympic Games and over 30 product categories, emphasising the vital role of mothers in the lives of athletes. GE's Olympic involvement went beyond traditional marketing by providing infrastructure solutions such as power, water, transportation, and medical technology to support the host cities and their Olympic facilities. However, Olympic sponsorship has its challenges. While some companies like Coca-Cola benefit from strong brand recognition during the Games, studies show that many spectators *struggle to correctly identify official sponsors*. As a result, companies that can create a strong link between their brand and the Olympic spirit, like Nike, which is closely associated with athletic excellence, often see a better return on investment. One persistent challenge is *ambush marketing*, where non-sponsoring companies attempt to associate themselves with the Games without paying for sponsorship rights. This may include using Olympic-themed advertising, sponsoring individual athletes, or promoting unrelated events in a misleading way. Notable examples include the Chinese athlete Li Ning wearing his own brand's shoes during the 2008 Beijing opening ceremony, drawing attention away from the official sponsor Adidas. To counter this, the IOC has implemented *stricter guidelines and reduced the number of official sponsors to cut through the marketing clutter*. The London 2012 Olympics serve as a notable example of how far organisers will go to protect sponsors. The British government enacted laws banning certain words and marketing activities near Olympic venues to guard against unauthorised associations. A campaign called "The Greatest Tickets on Earth" sought to generate substantial ticket revenue, while most premium event tickets were allocated to corporate sponsors. Simultaneously, international tourism campaigns like "Visit Britain" were launched to leverage global attention on the UK.

*Host cities also benefit from infrastructure investments and increased international visibility*. Cities like Barcelona, Sydney, and Pyeong Chang saw long-term improvements in tourism, public facilities, and civic pride. However, hosting the Games is not without risks. Montreal's 1976 Games left the city with \$2.7 billion in debt that took nearly 30 years to pay off, and Athens's 2004 Olympics placed a heavy financial burden on Greece.

In conclusion, while Olympic sponsorship offers significant branding, marketing, and public relations benefits, its success depends heavily on *how well it is executed within a broader strategic plan*. For some companies and host cities, the Olympics offer a powerful platform for global exposure and legacy-building. For others, the costs may outweigh the gains, particularly if the association with the Games isn't clearly communicated or effectively leveraged.



## Chapter 9 - Developing a Brand equity measurement and management system

The CBBE concept provides guidance about how we can measure brand equity. Given that customer-based brand equity is the differential effect that knowledge about the brand has on customer response to the marketing of that brand, two basic approaches to measuring brand equity present themselves. 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 consumers' response to different aspects of the marketing program. The two approaches are complementary and marketers can and should use both. To make brand equity a truly strategic tool, marketers need a *deep understanding of its sources*, how these sources influence key outcomes like sales, and how both evolve over time. A brand equity measurement system is a *structured set of research practices designed to deliver accurate, timely, and useful insights about a brand*. These insights enable marketers to make sound short-term tactical moves and long-term strategic decisions. The ultimate goal is to connect the dots between the sources of brand equity, such as brand associations, awareness, and loyalty, and the business outcomes they drive. The ideal system offers *current, relevant brand data to the right decision makers at the right time*, both for the brand in question and its competitors. Given the growing pressure for marketing accountability, we need to focus on 3 key components to build this system: conducting brand audits to assess brand positioning and performance, designing brand tracking studies to monitor changes over time, and setting up a brand equity management system to integrate these efforts into ongoing decision-making.

### The new accountability

Although many senior managers recognise the importance of brands and support the marketing concept, they often *struggle with evaluating brand strength and justifying marketing investments*. In today's environment of increased accountability, marketers must demonstrate both the *effectiveness and efficiency of every marketing dollar*, particularly in terms of return on marketing investment (ROMI). One major challenge is that a significant portion of marketing spending, possibly up to 70 percent, focuses on building *long-term brand equity rather than driving immediate profits*. This makes it difficult to link such investments directly to short-term financial returns. As a result, marketers must find ways to measure both the short-term and long-term impact of their efforts to truly understand the value being created. This issue has become more pressing in the digital age, where companies like Waze, LinkedIn, Tumblr, and Airbnb derive *enormous value from intangible assets* like strong customer relationships, despite not always being profitable in the short term. These examples highlight the need for new tools and methods to evaluate marketing success -> tools that go beyond traditional ROMI metrics and consider long-term brand value.



## Conducting brand audits

To understand how consumers perceive and interact with brands, key to making informed strategic decisions, marketers must begin with a brand audit. A brand audit is a *comprehensive, consumer-focused evaluation of a brand's health, aimed at identifying the sources of its brand equity*. Unlike a marketing audit, which is an internal assessment of marketing operations and performance, a brand audit centres on how a brand is *perceived externally by consumers*. It examines both what the company is offering through its branding and marketing, and how consumers understand and emotionally connect with those offerings. A brand audit is crucial for setting the *strategic direction* of a brand. It helps assess whether existing brand associations are strong and relevant or if new ones need to be added or altered. The audit can *uncover opportunities for brand growth as well as challenges that may undermine its equity*. This process is especially important during moments of strategic change, but conducting brand audits regularly, such as during annual planning cycles, allows companies to maintain a *clear, up-to-date understanding of their brand's standing in the marketplace*. The brand audit involves two main components: the *brand inventory* and the *brand exploratory*. These steps look at the company's current brand offerings and how they are perceived by the public. An example of the power of a brand audit can be seen in Domino's Pizza. In 2009, facing declining sales and consumer dissatisfaction—particularly with taste—Domino's undertook a thorough brand audit using *surveys, interviews, focus groups, social media analysis, and ethnographic research*. The findings revealed deep customer dissatisfaction, including harsh critiques of the taste and perceptions that the company had lost its authenticity. This prompted Domino's to overhaul its product, introducing new recipes and launching a bold marketing campaign, "Oh Yes We Did," that directly addressed customer complaints. By publicly acknowledging past failures and demonstrating real changes, Domino's reconnected with customers, dramatically improving its brand image, doubling its revenue, and achieving a 5,000 percent increase in stock value over the following eight years. Domino's has continued to evolve its brand identity through innovative digital and social media campaigns. These include face-swapping technology and interactive Snapchat lenses, all refined through ongoing testing and social media listening. By *consistently leveraging consumer feedback and analytics*, Domino's has sustained its appeal and strengthened its brand equity in the digital age.

**Brand inventory** -> a detailed assessment of how a company's products and services are *currently marketed and branded*, both visually and verbally. It involves cataloging brand elements such as *names, logos, packaging, slogans, product attributes, pricing, distribution, and marketing communications* for each offering. This process provides a clear, up-to-date picture of brand representation and marketing consistency across the company. With the rise of *digital and social media*, brand inventories must now include *digital assets* like videos, blog posts, and social media content. A digital brand inventory can reveal:



1. *Outdated or inactive brand accounts*
2. *Redundant or overlapping assets*
3. *Inaccurate or outdated brand elements*
4. *Gaps in the brand's online presence.*

The purpose of the brand inventory is not just descriptive -> it also provides initial insights into brand *consistency, potential confusion, and brand equity management*. For example, it can highlight inconsistencies in how brand elements are used across products, markets, or platforms. It can also uncover whether *line extensions or sub-brands* are effectively differentiated or causing overlap. Ultimately, a thorough brand inventory helps marketers *understand how the brand is perceived*, form the foundation for deeper research (like a brand exploratory), and guide strategic decisions to ensure consistency, clarity, and effectiveness in branding efforts.

**Brand exploratory** -> The brand exploratory is the second component of a brand audit and is focused on *uncovering what consumers actually think, feel, and do in relation to a brand*. While the brand inventory provides a supply-side perspective by cataloging how a company presents its brand, the brand exploratory offers a *demand-side view* by examining how consumers perceive it. This stage aims to identify the *true sources of brand equity and any barriers to building stronger brand connections*. The process often begins with *preliminary activities*, such as reviewing past research reports that may still hold valuable insights. Internal interviews with marketing and brand personnel are also helpful in gathering perspectives on consumer perceptions and revealing *internal inconsistencies or assumptions* that may not align with how the brand is actually viewed. *Qualitative research* is a key part of the exploratory phase, as it allows marketers to delve deeply into consumer thoughts and feelings. Different techniques vary in how specific or abstract they are and how much interpretation they require. One common outcome of this research is the creation of a *mental map*, which visually displays all the brand associations consumers hold. From these maps, marketers can identify *core brand associations*, those five to ten attributes or benefits that are most essential to the brand's identity and positioning. For instance, Nike might be associated with "top athletes" like LeBron James or Serena Williams. It's important that these associations are distinct and relevant. In addition to mental maps, brand concept maps (BCMs) are another structured method used in the exploratory phase. These maps *aggregate individual consumer association networks to create a consensus view of the brand's meaning*. This structured approach helps marketers see how associations relate to each other and to the brand overall. To gain a fuller understanding of the target market, companies may also *develop consumer personas* based on the insights gathered. These personas bring to life the preferences, motivations, and behaviours of different segments within the brand's audience. While qualitative research offers *depth and direction*, a quantitative phase is often necessary to validate and measure the extent of brand awareness, as well as the strength, favourability, and uniqueness of brand associations. Together, qualitative and quantitative research from the brand exploratory



provide a *comprehensive understanding of consumer perceptions and help guide strategic brand decisions*. The quantitative phase of the brand exploratory aims to measure the strength, favourability, and uniqueness of the brand associations identified during the qualitative phase. Marketers evaluate both *specific brand beliefs and broader attitudes and behaviours* to pinpoint sources of brand equity and potential outcomes. They also assess the depth and breadth of brand awareness using various cues and conduct similar research on competitors to understand *relative positioning*. While much of this research focuses on reactions to the brand name, it's equally important to explore *other brand elements*, like packaging, logos, or design features, that may evoke different associations. For instance, consumers might draw conclusions about the brand based solely on packaging or visual design. Marketers should investigate how *each brand element contributes to overall brand meaning* and determine which elements best represent and symbolise the brand as a whole.

**Digital marketing review** -> A digital marketing review has become a valuable part of a brand audit due to the *rising significance of online presence*. It offers several benefits: it reveals how a brand's digital efforts are performing relative to competitors, uncovers customer insights and industry trends through analysis of online conversations, informs brand strategy and positioning, and serves as a *diagnostic tool for evaluating and adjusting the digital and social media strategy* to ensure alignment with the overall brand direction. Social media conversations can be mined for detailed insights into how people engage with the brand online. These insights can be organised using the 5 Cs framework: conversation channel (where the discussion happens), conversation source (who is talking), conversation content (what is being said), channel-specific engagement (how people are interacting), and context (why and in what situation the brand is being discussed).

Characteristic of Online Brand Conversations	Definition
Conversation channel	A digital review should spotlight <i>where</i> the conversation surrounding the brand is taking place (e.g., Facebook, Instagram, Twitter, or YouTube).
Conversation source	A digital review can highlight <i>who</i> the source for the conversation is, whether it is consumers, competitors, or third parties/influencers.
Conversation content	Marketers are also using digital reviews to learn about the content of conversations surrounding a brand. Social media content can be both verbal as well as visual, and can be summarized in various ways, including (1) sentiment (positive versus negative); (2) volume of conversation, which can indicate the number of mentions; and (3) topics or themes can be extracted from social media conversations. Word clouds can be useful in summarizing verbal content; the sizes of words in a word cloud typically describe how important they are (larger words in a word cloud are more frequently mentioned), and the colors of the word cloud can be coded to depict positive or negative sentiment. Visual content can be summarized by describing key features, such as images that are typically associated with a brand, as well as content and themes that are typically featured in these images.
Channel-specific engagement	Brand engagement refers to actions taken by consumers, as a response to posts or conversations surrounding a brand, and a digital review can summarize the extent to which a brand elicits engagement (or actions) across different types of channels. For example, the number of Facebook Likes for a brand can help summarize the popularity of a brand on Facebook. Or, number of views on YouTube for a video about the brand can be indicative of consumer engagement with the brand on YouTube. In this way, a summary of engagement metrics for various digital channels can help spotlight the extent of consumer engagement.
Context	The information that has been generated above can be further refined by providing two types of contextual information: (1) how the themes and sentiment for a given brand compare to key competitors; and (2) how the nature of conversations has shifted over time.



Analysing social media conversations can reveal *valuable insights into how consumers perceive a brand*. Using natural language processing and machine learning, researchers can create brand positioning maps from social media data, offering advantages over traditional surveys. These include *lower cost, quicker data collection, and reduced bias since the posts are voluntarily shared by consumers*. However, this method may not fully represent the broader customer base, especially in categories with significant offline interaction, and may be influenced by consumers' desire to impress or project an image. Despite these limitations, social media-based positioning maps are a *useful supplement to traditional methods*. Overall, digital marketing reviews offer a valuable window into consumer perceptions, enhancing brand audits and helping managers track brand image over time and adapt to shifting market dynamics.

**Brand positioning and the supporting marketing program** -> The brand exploratory, whether based on social media or traditional surveys, aims to understand *current consumer perceptions* of a brand and its competitors. It identifies *existing brand knowledge, desired brand image, and the key points-of-parity and points-of-difference*. Shifting from the current to the desired image involves strengthening, adding, or removing brand associations in consumers' minds. Marketing expert John Roberts outlines four key factors for effective brand positioning: what customers currently believe, what they value, what the firm communicates, and where the firm wants the brand to go. Achieving alignment among these is crucial. The process often involves collaboration among *internal stakeholders and external partners*. Even after defining the ideal positioning, further research may be needed to test and refine tactical strategies for achieving it.

#### The role of brand personas

Personas are *detailed, lifelike profiles of target market consumers* used by marketers to better understand and connect with their audience. These profiles include *demographic, psychographic, geographic, and behavioral traits*, often enhanced with names, images, or bios to humanise the target customer. The purpose is to ensure marketing decisions reflect a deep understanding of the consumer's perspective. Personas help *shape marketing strategies*, from single, targeted campaigns to personalised communications for multiple audience segments. Tools like *Facebook Insights* can provide useful data for building and refining personas. Additionally, differences in *media habits* among personas can influence which channels are used for messaging. However, relying too heavily on personas can risk *oversimplifying or misrepresenting the broader target market*, especially in diverse markets. To avoid this, companies often create tiers of personas, primary, secondary, and negative, to capture a wider and more accurate range of consumer behaviours and attitudes.

#### Designing brand tracking studies

Brand audits offer deep insights for shaping long-term brand strategy, but for short-term tactical decisions, marketers rely on *brand tracking studies*. These studies collect ongoing, often quantitative data from consumers to *monitor brand performance over time*. Drawing from the brand value chain, tracking helps identify *where and how brand value is created and assesses*



*how well the brand's positioning is working*. As brands expand through extensions or diverse marketing efforts, tracking every change becomes impractical. Still, consistent monitoring is essential to ensure brand health and equity remain strong. Tracking studies provide a reliable baseline that *supports everyday decisions* and helps marketers understand key factors like market dynamics, consumer behavior, competitive positioning, and the effectiveness of marketing strategies.

Tracking brand performance involves *tailoring surveys to the specific challenges and goals* of a brand, drawing from the brand resonance model. For individual products, tracking should start *broadly*, assessing brand recall and recognition, before *narrowing to specific brand image perceptions*. This includes understanding key brand associations, especially those that reflect product performance, imagery, and both functional and emotional benefits. These associations should be evaluated based on strength, favourability, and uniqueness, with more frequent tracking of general consumer judgments and feelings. Given that brands often compete at the augmented product level, it is important to measure all associations that may distinguish competing brands.

Marketers may also need to monitor the *corporate or family brand separately or alongside product-level tracking*. For corporate brands like Nike, this includes perceptions of management, customer concern, accessibility, and corporate appeal. Questions should be appropriate to respondents' familiarity with the company.

When a brand spans multiple products, it's essential to identify *which products consumers associate with the brand* and which most influence their perceptions. This can be explored using unaided and aided recall questions, as well as asking consumers to prioritise products in shaping their views of the brand.

For *global tracking* across different markets, additional background metrics may be necessary to account for regional variations in brand development, especially between developed and developing regions. These broader insights, though not needed frequently, can help *contextualise* brand performance globally.

## **Big data and marketing analytics dashboard**

The rise of mobile payments and sensor networks has enabled *continuous customer tracking*, providing companies with detailed *consumer-level data*. For instance, MillerCoors, which previously lacked direct consumer insights, can now follow a shopper's journey across various retail locations, allowing real-time optimization of marketing strategies. Similarly, *social media data plays a key role in tracking consumer sentiment and behavior*. McDonald's leveraged Twitter feedback from millennials to launch all-day breakfast, which significantly boosted visits among that demographic. These developments highlight how *real-time data can drive responsive and effective marketing decisions*. As data availability increases, companies are investing in data



analytics systems and *marketing analytic dashboards* to enhance decision-making and improve branding strategies. Around 27% of companies currently use these dashboards, with many planning to increase spending on them significantly. These tools link marketing expenditures to outcomes like profits, helping companies answer key questions about the impact of marketing strategies, such as the ROI of social media spending or the effect of shifting budgets between online and offline channels. The use of marketing analytics dashboards has been shown to *improve profitability*, with studies linking their increased use to higher return-on-assets. However, a challenge lies in *effectively communicating insights within organisations*, as only a small percentage of companies actively use insights for decision-making. When insights are communicated properly, companies, like Taco Bell, can gain valuable customer insights through tools like mobile apps.

#### **How Taco Bell uses data-driven social media marketing to engage its customers**

Taco Bell is a prime example of *leveraging analytics to drive social media and marketing strategies*. Since launching its mobile app in 2015, the brand has seen nearly 75% of its orders come through the app, a result of incorporating feedback from beta testing and integrating the app with other marketing channels like TV and in-store promotions. Taco Bell uses data analytics to identify brands that resonate with its audience, engaging with them on social media platforms like Twitter. The brand also employs *location-based mobile targeting*, such as in its "Location for Good" campaign, where geolocation data was used to *encourage purchases linked to charitable donations*. Additionally, Taco Bell partnered with Lyft to introduce "Taco mode," boosting weekend visits by 8%. Taco Bell has also used data to reduce employee turnover through statistical analysis. Overall, Taco Bell's data-driven strategies have optimised both marketing performance and internal operations.

### **Establishing a brand equity management system**

Brand tracking studies and audits provide valuable insights for building and measuring brand equity, but to fully capitalise on this information, companies need *strong internal structures and procedures*. A well-established brand equity measurement system increases the likelihood of *making informed decisions and reduces the risk of poor choices*. However, one challenge is the short tenure of many marketing managers, which may lead to a short-term focus on quick sales tactics rather than long-term brand equity management. To counter this, companies are prioritising *internal branding and implementing brand equity management systems*. These systems typically involve creating brand charters, assembling brand equity reports, and defining clear



responsibilities for managing brand equity within the organisation.

#### Understanding and managing the Mayo clinic brand

Mayo Clinic, founded in the late 1800s, has become a globally renowned healthcare institution due to its *strong focus on patient-centered care, research, and education*. Its success is rooted in core values like integrity, teamwork, and compassion, and its consistent use of brand equity studies since 1996 helps maintain *strong connections with patients*. A key strength is its integrated approach, combining medical practice and research to drive innovation and improve care. Mayo's commitment to integrity, placing *patient well-being above profit*, distinguishes it from other healthcare providers. The organisation uses data-driven strategies to segment patients and tailor care, particularly for chronic conditions, achieving tangible results like reduced hospital stays. It also prioritises patient feedback through its Patient Experience Subcommittee, ensuring service improvements reflect patient needs. Embracing digital marketing, Mayo now devotes most of its marketing budget to digital platforms, providing reliable health content and fostering engagement through social media and online resources. High patient satisfaction and loyalty have made traditional advertising less necessary, with 95 percent of patients recommending Mayo to others. To protect its strong brand, Mayo implemented a brand management system in 1999 that ensures consistency and safeguards its reputation. Overall, Mayo Clinic's integrated, data-informed, and patient-focused approach continues to support its mission of delivering the best care and inspiring hope worldwide.

**Brand charter or Bible** -> The first step in creating a brand equity management system is developing a brand charter, also known as a brand bible. This document outlines the *company's perspective on branding and brand equity*, providing essential guidance for internal marketing teams and external partners like ad agencies or research firms. It defines the company's branding philosophy, explains why brand equity matters, and details the *scope and branding approach for key products based on historical data and recent audits*. The charter sets out the current and desired brand equity at all relevant levels, corporate and product, and clarifies elements such as points-of-parity, points-of-difference, and the brand mantra. It also explains how brand equity is measured and documented through tracking studies and brand equity reports. *Strategic and tactical guidelines are included* to ensure that brand management decisions remain clear, consistent, and innovative over time. This includes advice on differentiation, relevance, integration, and excellence, along with specific instructions for tasks like ad campaign evaluations and naming. The charter addresses brand treatment in areas like *trademark use, design, packaging, and communications*. Because these details can be extensive, they're often included in a separate brand style guide. Although some parts of the brand charter remain constant, it should be updated annually to reflect new insights, changes in marketing initiatives, and emerging risks or opportunities. For example, Skype's brand bible outlines its desired consumer image, branding strategies, visual identity, and marketing dos and don'ts to ensure brand consistency and avoid missteps that could harm its reputation.

**Brand equity report** -> The second step in building a brand equity management system is to create a brand equity report or scorecard, which compiles *tracking survey results and other performance data*. This report, distributed *regularly* (weekly to annually), helps management make informed decisions by summarising both brand-related metrics and overall performance insights, often sourced from analytic dashboards. The report should explain *what is happening with the brand and why*, combining internal operational metrics with external brand performance data. Key components include consumer perceptions gathered from tracking studies, such as brand



associations, preferences, and behaviours, and market-level data like product shipments, sales trends, pricing, and profit breakdowns. It should also include sales and market share segmented by region, account type, or customer. To aid interpretation, performance indicators can be *colour-coded* (green, yellow, or red) based on whether trends are positive, neutral, or negative. Internal metrics may also assess how resources like time, money, and labor are allocated across marketing activities. This comprehensive overview supports better strategic and tactical brand decisions.

**Brand equity responsibilities** -> To effectively manage and grow long-term brand equity, firms must *clearly define internal responsibilities and establish structured processes*. Brands require consistent nurturing, and those that lack discipline, commitment, or investment often struggle. A key internal step is assigning *central oversight* for brand equity management, typically within a corporate marketing team reporting to senior leadership. This group ensures all branding activities align with the brand charter and equity reports across different divisions and regions. Scott Bedbury, who led branding at Nike and Starbucks, emphasises the importance of *"top-down brand leadership"* and proposes appointing a *Chief Brand Officer (CBO)* who reports directly to the CEO. The CBO acts as the brand's guardian, ensuring consistency, shaping its long-term vision, and aligning internal culture with brand values. Responsibilities include overseeing *advertising, corporate design, communications, and market insights*. To support ongoing brand development, Bedbury recommends *regular brand reviews*, especially for underperforming brands. These reviews assess brand health through audits, tracking studies, and consumer feedback. They also evaluate brand initiatives, campaigns, HR programs, product and distribution strategies, and resolve any inconsistencies in positioning across markets or channels. Even strong brands need *constant monitoring to prevent complacency or small mistakes that could erode brand equity*. Leading firms like Coca-Cola and Nestlé have appointed brand equity gatekeepers for this reason. Senior management must also ensure that marketing budgets and resource allocations are informed by the brand's current status and future potential. Strategic decisions, whether to build or leverage a brand, should reflect insights from brand tracking and performance data.



### Maximising internal branding

Internal branding, though often underfunded compared to external branding, offers significant benefits. It fosters a positive, productive work environment, supports organizational identity, and can drive meaningful change. A strong example is KPMG's 2014 "Purpose Program," which invited employees to *express the personal meaning behind their work*. With nearly 42,000 submissions, the initiative helped boost morale and contributed to the company's most profitable year ever. Branding expert Scott Davis outlines how to turn employees into brand advocates through a three-stage process: *Hear it* (introduce the brand), *Believe it* (build understanding), and *Live it* (inspire emotional connection). He recommends six key principles for successful internal branding:

1. **Make the brand relevant** – Help employees see how the brand applies to their roles.
2. **Make it accessible** – Ensure employees can easily find brand-related information.
3. **Reinforce it continuously** – Keep the brand message alive through ongoing efforts.
4. **Provide ongoing brand education** – Train both new and existing employees regularly.
5. **Reward on-brand behavior** – Recognise employees who embody the brand's values.
6. **Align hiring with brand culture** – Use recruitment practices that attract brand-fit candidates.

Ultimately, senior leadership, especially the CEO, must champion internal branding by setting the tone and ensuring the right systems, resources, and culture are in place.

To optimise brand equity, companies are *restructuring their marketing functions* in response to evolving brand management needs and the demands of the digital age. Many firms across industries, including healthcare, tech, and automotive, are increasingly adopting brand management practices, often *hiring talent from packaged-goods companies*. For instance, Procter & Gamble has evolved its system by redefining brand managers as brand directors responsible for strategy, consumer insights, communication, and design. Retailers and manufacturers alike are embracing *category management*, where manufacturers provide stocking advice, though experts warn retailers to maintain their unique market perspective. As traditional marketing departments shift or disappear, businesses are adopting more *agile, cross-functional models*, particularly to keep pace with digital innovation. Companies like Clorox have made major adjustments -> boosting digital investment, collaborating with digital agencies, and restructuring teams to respond quickly to market changes. The rise of data analytics has also shifted required marketing skillsets toward *data fluency*. These new organizational designs aim to *improve internal coordination and external responsiveness*, but they come with the risk of brand equity being overlooked. Striking the right balance between product focus and market responsiveness is key to sustaining strong brands in complex, fast-moving environments. The performance of a brand is influenced not only by internal efforts but also by the *actions of external suppliers and marketing partners*, making the management of these relationships essential. Many companies are consolidating their marketing partnerships to *improve cost efficiency, leverage resources, and ensure creative consistency*. For example, Clorox has streamlined its advertising efforts by partnering with a single digital agency with expertise across multiple platforms. Working with



fewer partners can enhance *brand consistency and understanding*. Beyond ad agencies, other marketing partners, such as retailers and distributors, also impact brand equity. Educating these partners through tools like a brand charter ensures they support the brand in a consistent and aligned way, helping strengthen overall brand equity.

### Chapter summary

A *brand equity measurement system* is a structured approach to gathering timely, accurate, and actionable insights to guide both short-term marketing decisions and long-term brand strategies. It involves **three key steps**:

1. **Brand Audits** – A deep, consumer-focused evaluation of brand health to identify sources of brand equity and areas for improvement. It includes:
  1. *Brand Inventory*: A detailed profile of how all company products are marketed and branded.
  2. *Brand Exploratory*: Research into consumer perceptions and feelings about the brand.
2. **Brand Tracking Studies** – Ongoing, quantitative research to monitor brand performance over time and assess the effectiveness of marketing activities. These studies reveal where the brand currently stands.
3. **Brand Equity Management System** – The system consists of:
  1. *A Brand Charter*: A formal document that defines the company's philosophy on brand equity, summarises audits and tracking results, and outlines strategic and tactical brand guidelines. It should be updated annually.
  2. *A Brand Equity Report*: A regular report (monthly, quarterly, or annually) that presents current brand performance and explains the underlying causes, often using marketing dashboards for clarity.
  3. *Senior Management Oversight*: Leadership must be responsible for ensuring consistent application of brand equity principles across the company.

Additionally, in the digital era, digital assets and social media data play a growing role in brand audits and tracking, offering richer insights and enabling continuous brand performance monitoring.

### Sample Rolex brand audit

Rolex is one of the most iconic and valuable luxury brands in the world, with an estimated brand value of \$8.053 billion in 2017, according to the BrandZ Luxury Top 10 list. Despite being a prominent luxury brand, Rolex is the only brand in the top 10 that exclusively sells watches. Founded in 1905 by Hans Wilsdorf and William Davis, the company started as Wilsdorf & Davis and later became Rolex, a name chosen for its *easy pronunciation across languages*. Rolex revolutionised the watch industry with several key innovations, including the waterproof Oyster case in 1927 and the Perpetual self-winding rotor in 1931. The brand became synonymous with *quality and durability*, with notable milestones such as the 1953 Submariner, the first diving watch. During the rise of quartz watches in the 1970s, Rolex focused on *high-end mechanical timepieces, differentiating itself from cheaper, more accurate quartz models*. Despite challenges like the advent of smartwatches, Rolex maintains its position as the *leading luxury watch brand*. It continues to *innovate while maintaining a prestigious reputation*, and its sales remain strong, though Apple's smartwatch revenue now exceeds that of Rolex. Rolex is a *privately owned*



*company*, controlled by just three individuals in its 100-year history. Before his death, founder Hans Wilsdorf established the Hans Wilsdorf Foundation to ensure some of the company's profits would go to *charity* and that the foundation would maintain control of the company, securing Rolex's long-term success. This independent approach allowed Rolex to remain *focused on quality and marketing without being forced to affiliate with larger conglomerates*.

Rolex's brand portfolio includes several collections:

- *The Oyster Perpetual Collection*: The core collection, targeting affluent men and women with various sub-brands.
- *The Professional Collection*: Targets athletes and adventurers with specialised features.
- *The Cellini Collection*: Focuses on formal occasions, featuring elegant designs and diamonds. Rolex also owns *Tudor*, a separate brand developed in 1946 to compete with mid-range watches, targeting younger consumers at a lower price point.

Rolex's brand elements include its iconic *Crown logo*, introduced in 1925, and the *brand name on the dial, which helped boost recognition*. The company is known for its high-quality, durable, and prestigious watches, made from premium materials like gold and platinum, and featuring sophisticated mechanisms with many components. Rolex watches are renowned for their quality control, precision, and waterproof features. The company *does not license its brand and remains focused solely on producing watches*. Rolex also invests heavily in combatting counterfeiting, as its brand is one of the most commonly copied worldwide. Rolex maintains a *premium pricing strategy* by limiting its production to around 2,000 watches a day, creating high demand and premium pricing. Prices range from about \$2,500 for the basic Oyster Perpetual to \$200,000 for high-end models, with scarcity driving up the resale value of older models. The brand carefully *controls its distribution* through approximately 60,000 *authorised dealers worldwide, ensuring high standards for location, image, and service*. Additionally, Rolex watches have a strong secondary market through online auctions and live auctions by Christie's and Sotheby's. Rolex's communications strategy focuses on *creating an exclusive, high-quality brand image*. The company partners with *ambassadors* such as artists, athletes, explorers, and adventurers, and sponsors sports and cultural events to build a *prestigious image*. Rolex is also the largest advertiser in the watch industry, spending over \$56 million on advertising in 2015, mainly on print ads that emphasise its ambassadors and products. In addition to traditional advertising, Rolex has embraced *digital marketing with a content strategy* on platforms like Facebook and YouTube. It uses social media to share high-quality content and educate its audience on brand values, like why it uses "IIII" instead of "IV" on dials. Rolex's ambassadors are carefully chosen from four categories: athletes, artists, explorers, and yachtsmen, all reflecting the brand's commitment to excellence and innovation. The company has shifted its endorsement strategy over time, signing top athletes like Tiger Woods, despite his scandal, and other sports figures like Jason Day and Phil Mickelson. Rolex sponsors a wide range of elite athletic and cultural events to reinforce its brand values, such as *excellence, perfection, teamwork, and ruggedness*. It sponsors prestigious



events in golf, tennis, skiing, racing, equestrian sports, and sailing, including the U.S. Open, Wimbledon, and the Rolex 24 at Daytona. The brand also supports extreme exploration expeditions, like The Deepest Dive and Deepsea Under the Pole, and contributes to cultural institutions like the Royal Opera House in London. In philanthropy, Rolex runs three key programs:

1. *Awards for Enterprise* – Supporting individuals whose work benefits communities and the world, focusing on fields like science, health, technology, and cultural heritage.
2. *Young Laureates Programme* – A part of the Awards for Enterprise, it supports young innovators (18–30 years old).
3. *Rolex Mentor and Protégé Arts Initiative* – Pairs gifted young artists with established masters in various fields such as filmmaking, dancing, and composing.

**Brand Exploratory:** Rolex is widely recognised for its *heritage of excellence*, but it has some brand associations that may not appeal to all, such as being seen as flashy or snobby. Despite this, wealthy individuals tend to have a strong purchase intent toward Rolex, with the brand having one of the *highest recognitions in the luxury market*. However, younger consumers, especially under 25, are less interested in traditional watches, preferring smartwatches. The rise of Apple Watch poses a challenge to traditional watchmakers, as it offers additional functionalities like health monitoring and communication.

**Brand Resonance & Competitive Analysis:** Rolex's brand resonates strongly with both functional and emotional benefits, offering *superior product attributes and prestigious imagery*. It enjoys the highest brand awareness and strong loyalty among customers, creating a powerful connection with its audience. In the competitive landscape, Rolex competes with other high-end luxury brands like Patek Philippe and TAG Heuer. TAG Heuer, known for its precision chronographs and sports sponsorships (e.g., Formula 1, Americas Cup), is a direct competitor in the luxury watch sector. TAG Heuer's positioning focuses on chronograph innovation and extreme precision, while Rolex is more associated with overall luxury, craftsmanship, and exclusivity. TAG Heuer is also part of the luxury conglomerate LVMH, allowing it to leverage broader distribution channels. OMEGA, founded in 1848 by Louis Brandt, has built a legacy around precision and innovation in watchmaking. Its watches have been used in historic moments, such as Amelia Earhart's transatlantic flight and the Apollo 11 moon landing. OMEGA was the first to implement synchronised chronographs at the 1936 Winter Olympics and later introduced underwater touchpad timing for swimming competitions. Now part of the Swatch Group, OMEGA uses brand ambassadors like Buzz Aldrin, Michelle Wei, Sergio Garcia, and Daniel Craig. Since 1995, it has also been the official watch of the James Bond films. OMEGA offers men's and women's watches across collections like Globemaster, Constellation, Seamaster, Speedmaster, and De Ville, with prices ranging from \$1,650 to over \$100,000.

Patek Philippe, established in 1839 by Antoine Patek and François Czapek, positions itself at the pinnacle of the luxury watch market. The brand emphasises values such as tradition, craftsmanship, rarity, and heritage. Unlike other brands, Patek Philippe does not rely on celebrity endorsements or event sponsorships. Instead, it leverages its historic association with European



royalty and its tradition of crafting some of the world's most intricate timepieces. Its famous "Generations" campaign uses the tagline, "You never actually own a Patek Philippe. You merely look after it for the next generation," to reinforce the timeless value of its products. Patek Philippe watches are sold exclusively through a small network of 600 rigorously evaluated authorised retailers. Prices start at \$11,500 and can exceed \$600,000.

Rolex differentiates itself through *several strategic decisions*. While it shares the Swiss craftsmanship, quality, and innovation of its competitors, Rolex stands out with its *distinct and recognisable design elements*, such as its Crown logo and bold aesthetics. The brand maintains *strict control over production and distribution*, which reinforces a sense of prestige and exclusivity. Rolex has also remained focused solely on watches, never extending its name to other products, helping it preserve *brand purity*. Through carefully chosen ambassadors and sponsorships, Rolex successfully aligns itself with themes of excellence, performance, and achievement, maintaining a unique position in the luxury watch market. Rolex has built a *powerful global brand* by maintaining a consistent and elegant image, reinforcing the idea that owning a Rolex represents a significant personal milestone. The brand mantra "*Classic Designs, Timeless Status*" captures its essence, reflecting a blend of heritage, luxury, and prestige. Despite its strong brand equity, the Rolex brand audit identified *several areas for growth*. One opportunity lies in *emphasising Rolex's independent status*. Unlike many competitors owned by large conglomerates, Rolex remains privately owned, which can be positioned as a strength, highlighting its long-standing focus on craftsmanship and tradition rather than corporate profits. This message may resonate especially well in today's environment of skepticism toward large corporations. Another area of opportunity is *craftsmanship and innovation*. While some surveys show Rolex not always being perceived as the most exclusive or highest quality, the brand has a rich history of technical innovation and elite manufacturing. A campaign focused on these aspects could help elevate consumer perceptions. Rolex can also *better connect with female consumers*. As women increasingly prefer gender-neutral mechanical watches, Rolex's traditionally masculine aesthetic is well-positioned to appeal to them. However, Rolex should *avoid overtly feminine design elements* like floral dials or diamond bezels and consider endorsers who represent power and success in male-dominated fields, which could broaden its appeal to women. The brand faces a *serious challenge from counterfeit sales*, which have moved online. Since Rolex doesn't authorise online sales, fakes are widespread on e-commerce platforms. Creating a Rolex-exclusive online store or an official verification platform could help control distribution and reduce counterfeiting. Another major challenge is *engaging younger consumers*. Many younger people don't wear watches or prefer smartwatches. Rolex must explore how prestige is defined by new generations and consider how to either incorporate tech-savvy features or diversify into other luxury fashion segments to stay relevant. Rolex also needs to *modernise its digital and social media strategy*. While it has traditionally been cautious to preserve brand integrity, a stronger digital presence is now essential to reach younger demographics and remain competitive. Finally, Rolex should emphasise its *long-term value proposition*. Unlike many luxury goods that depreciate or go out of style, Rolex watches hold or



even increase in value over time. Highlighting the heirloom quality of its products, perhaps through storytelling and ambassador campaigns, would reinforce this message and further distinguish Rolex from competitors inside and outside the watch category.

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## Chapter 10 - Measuring Sources of Brand equity: Capturing customer mind-set

Understanding how consumers perceive a brand, their thoughts, feelings, beliefs, and attitudes, is essential for *effectively building and managing brand equity*. Ideally, marketers would create detailed “*mental maps*” to visualise what exists in consumers’ minds, guiding brand positioning through points-of-parity and points-of-difference. However, since these brand knowledge structures are internal and subjective, they are *difficult to measure directly*. Despite this challenge, gaining insights into consumer behavior remains critical. Even a simple understanding of how *people view or use products can inspire profitable marketing shifts*. To that end, companies often conduct comprehensive research or brand audits to better understand consumer perceptions. Today, marketers have access to a range of *sophisticated tools and data sources*, both primary and secondary, to gather insights. Surveys, industry reports, and online analytics help explore the mental associations consumers have with brands. According to the brand value chain, brand equity originates from the *customer mindset*. Measuring it involves examining how customers shop, what they know and feel about brands, and how they respond to them. This includes evaluating brand awareness and brand image, which are key to driving favourable consumer behavior. Though consumer views can be *holistic and complex*, marketers can often *isolate and analyse specific brand perceptions*.

### Qualitative research techniques

There are various ways to uncover the associations consumers have with a brand, including their strength, favourability, and uniqueness. Qualitative research is especially useful for identifying *potential brand associations and sources of brand equity*. These methods are *flexible and open-ended*, making them ideal for exploring how consumers perceive brands and products. Qualitative research has a long-standing role in marketing. Ernest Dichter, a pioneer in consumer psychoanalytic research, demonstrated its power in the 1930s with a study for Plymouth automobiles. His insights, such as recognising the influence of women in car purchases, led to *impactful advertising strategies*. While some of his ideas were provocative, like linking convertibles to secret desires or soap to moral cleansing, he also coined successful campaigns, such as Exxon’s “Put a Tiger in Your Tank.” We are going to explore qualitative research techniques that *help marketers measure brand awareness, attitudes, and attachment*. These methods can also reveal brand equity outcomes, including how consumers react to price changes and make brand choices or express brand preferences.



### Digging beneath the surface to understand consumer behaviour

*Observed consumer behavior often differs from what people report in surveys*, so marketers can gain valuable insights by watching what consumers actually do. For instance, Hoover found people vacuumed for only about 30 minutes a week, despite claiming an hour, by using timers in vacuums. Similarly, studies of household trash and kitchen contents revealed people often overstate how healthily they eat. These behavioral insights can have significant marketing implications. DuPont, studying pillow habits, found emotional attachments to pillows and distinct usage behaviours like stacking, plumping, or cuddling. These findings led to *product packaging changes* and varied pillow firmness options. This type of research, rooted in *ethnography*, observes consumers in real-life settings to uncover their authentic behaviours and attitudes. For example, Benylin created its "Take a Benylin Day" campaign after learning people wanted rest, not just a quick return to work, when sick. Similarly, U.K. mobile company Three developed the humorous "HolidaySpam" campaign from the insight that people often overshare vacation photos. The campaign promoted free overseas phone use and became a viral hit. Intel also used ethnographic research to design more practical technology. In China, it addressed parental concerns over digital distractions with a key-locked educational PC. Additionally, by examining car interiors, Intel discovered underused tech features and partnered with automakers like Jaguar and Toyota to improve tech integration.

### Free associations

Free association tasks are a simple yet powerful method for identifying *what consumers associate with a brand*. By asking open-ended questions like "What comes to mind when you think of Rolex?" marketers can uncover the range of brand associations people hold. These responses help create a mental map of the brand and give insight into the strength, favourability, and uniqueness of each association, especially if an idea appears early in a response. Marketers can also gain *deeper insights by asking follow-up questions about what consumers like or dislike about a brand, and what makes it unique*. Additional structured questions (like who uses the brand, when and why) help clarify brand image further. When conducting these tasks, it's important to begin with *broad questions* to avoid bias, then move to more specific ones. Responses can be oral (which tend to be more spontaneous) or written. For analysis, responses are broken into *phrases, grouped by category, and aggregated across participants*. Follow-up questions yield more structured and easier-to-code answers. Advances in branding research also include using *social media data and language-processing tools* to build association maps at scale.



### Using Text Mining to uncover brand associations

The rise of user-generated content, like online reviews, ratings, and comments, has driven interest in *text-mining and computational methods to uncover marketing insights*. Researchers have used these tools to analyse consumer opinions, map brand positions, and understand product attributes. For example, studies have mined online forums and product reviews to reveal how consumers *define product quality and satisfaction*. One method involves analysing *social media tags and keywords*, which act as proxies for consumer associations with brands. Techniques like Differential Language Analysis examine the unique language people use when talking about different brands, helping identify brand-specific traits.

Researchers are also exploring the *analysis of images shared on social media* to gain deeper insights into brand perception. As access to big data and advanced computational tools grows, these techniques are becoming essential for understanding consumer behavior and improving brand positioning.

### Projective techniques

To effectively uncover the sources of brand equity, marketers must accurately profile consumers' brand knowledge. However, consumers may be *reluctant or unable to express their true feelings*, especially on sensitive topics or when discussing brands associated with personal image or prestige. Instead, they may give socially acceptable or superficial answers. To overcome this, marketers use **projective techniques**, which are research tools designed to reveal hidden emotions and beliefs. These methods involve presenting consumers with *ambiguous or incomplete stimuli*, like pictures, stories, or questions, and asking them to interpret or complete them. The idea is that consumers will project their true feelings onto the task, often unconsciously. Projective techniques are particularly useful when *exploring personal or socially sensitive issues* and have roots in psychological testing (e.g., Rorschach inkblot tests). They've been used in marketing since the 1940s and often provide valuable insights into consumer motivations and brand relationships that more direct questioning might miss.

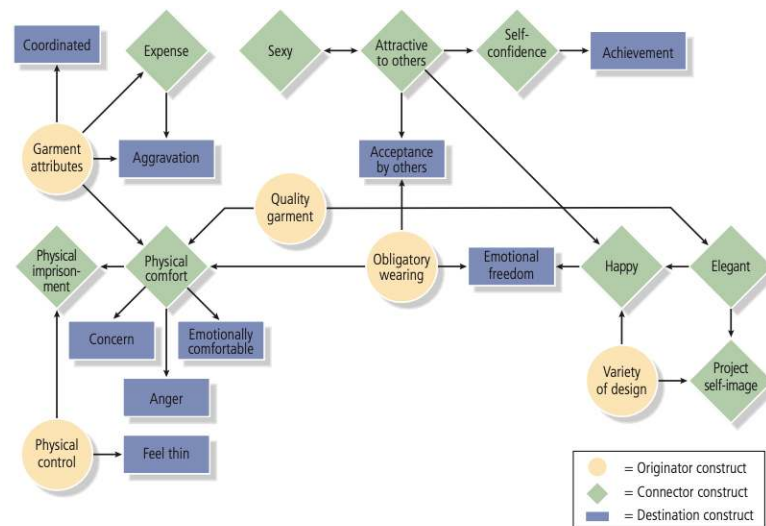
**Completion and interpretation tasks** are classic projective techniques that use incomplete or ambiguous stimuli to uncover consumer thoughts and feelings. A common method is the "*bubble exercise*," where consumers are shown cartoon-like scenes with empty speech or thought bubbles and asked to fill them in. These responses help marketers understand *user and usage imagery* ->how consumers see others using the brand and in what context.

**Comparison tasks** are another projective method where consumers compare a brand to unrelated items like animals, cars, countries, or professions (e.g., "If Dannon yogurt were a car, what kind would it be?"). They're then asked to explain their choices. These comparisons reveal *imagery associations* and help marketers understand the *brand personality* from the consumer's perspective, offering deeper insights into how people perceive and relate to the brand.

**ZMET Method** -> The *Zaltman Metaphor Elicitation Technique (ZMET)* is designed to uncover the subconscious motives behind consumer behavior. Developed by Gerald Zaltman, the technique recognises that much of consumer decision-making occurs *below the level of conscious*



**awareness.** ZMET involves asking participants to collect images that represent their thoughts and feelings about a topic and then conducting a deep, one-on-one interview with a trained interviewer to explore these images and uncover hidden meanings, emotions, and themes. ZMET focuses on using *metaphors* to express complex feelings and views. It categorises metaphors into *surface, thematic, and deep metaphors* (e.g., transformation, connection, journey). Through a structured interview process, researchers explore participants' responses and map out *key themes or constructs* that influence consumer perceptions. An example of ZMET's application is Cisco Systems, which used the technique to understand the emotional connections IT professionals and business decision-makers had with the brand. The study revealed strong emotions tied to *connection*, with customers feeling both protected and anxious about Cisco's role in their lives. This insight led to the rebranding of Cisco as "The Human Network," significantly boosting brand recognition and value.



**Neural research methods** -> *Neuromarketing* is a field that studies how the brain reacts to marketing stimuli, including brands, by using techniques such as *EEG (electroencephalogram)* and *fMRI (functional magnetic resonance imaging)* to measure brain activity and blood flow. These methods help researchers gain deeper insights into consumer responses, including *emotional reactions to packaging, ads, and products*. For example, PayPal used neuromarketing to redesign their ad campaign, focusing on speed and convenience instead of security. Frito-Lay discovered through neuromarketing that changing the packaging of snacks like Cheetos to emphasise the product's messy coating could significantly impact consumer responses and led to an award-winning ad campaign. Neuromarketing also helps marketers understand emotional responses and can answer questions that traditional methods may not, such as measuring the *neural impact of commercials*. One key finding from neurological research is that many purchasing decisions are made *unconsciously and habitually*, rather than through rational, logical processing. However, despite its insights, neuromarketing is not without controversy. Some experts question whether it should solely drive marketing decisions, as the tools used (like EEG or fMRI) can be *intrusive and*



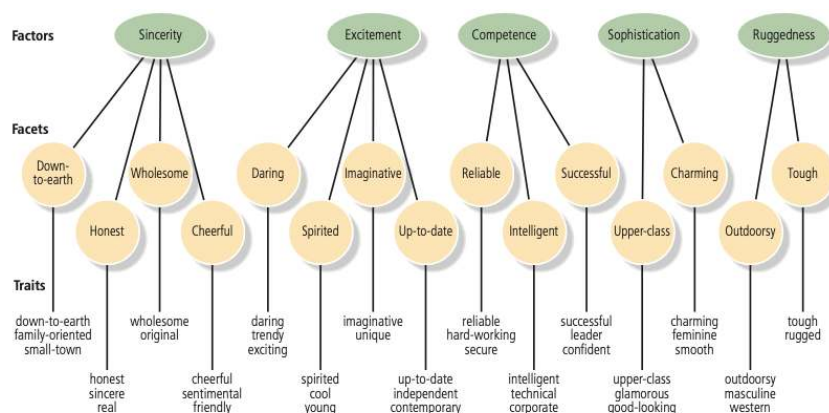
*may not always lead to clear, actionable strategies.* Critics argue that these methods might offer limited insights when used outside a broader context.

## Brand personality and values

**Brand Personality** refers to the human traits or characteristics that consumers associate with a brand. It can be measured through open-ended questions or projective techniques. For example, asking consumers to describe a brand as a person (what it would do, wear, or who it would interact with) helps reveal its personality. Marketers can also use visual aids like pictures or magazine stacks for consumers to assemble a profile of the brand. However, brand personality might *differ from user imagery*. For instance, when USA Today was first launched, its brand personality was seen as colourful, friendly, and simple, but the perception of its readers varied significantly between readers and non-readers. This discrepancy led to an advertising campaign aimed at altering nonreaders' perceptions. To assess brand personality more systematically, Jennifer Aaker's research identified five core dimensions:

1. *Sincerity* (down-to-earth, honest, cheerful)
2. *Excitement* (daring, imaginative, up-to-date)
3. *Competence* (reliable, intelligent, successful)
4. *Sophistication* (upper class, charming)
5. *Ruggedness* (outdoorsy, tough)

These dimensions are assessed through adjective checklists, with consumers rating brands on a seven-point scale. Aaker's study showed that brands like Nike could score high on multiple dimensions, while others may score lower across the board. Research shows that brand personality can significantly *influence brand outcomes*. For example, sincerity and competence have a stronger impact on brand attitudes and commitment, particularly for brands in the maturity stage of their lifecycle. In contrast, excitement and ruggedness have less influence.



## Ethnographic and experiential methods

Researchers are increasingly using innovative qualitative techniques to better understand *consumers in their natural environments*. Traditional research may not fully capture consumers'



true selves, so methods like ethnography and netnography are being employed to observe consumer behaviours in *real-life settings* like homes, workplaces, and shopping experiences. These approaches offer deeper insights into consumer habits and preferences. David Taylor, founder of Brand Gym, highlights the importance of consumer insights over simple research findings. He defines insights as *valuable, penetrating understandings that unlock opportunities*. Insights should be *fresh, relevant, enduring, and inspiring*. To gain such insights, marketers use tools like "core insight drills," which help uncover deeper needs and desires, such as identifying conflicting consumer needs or understanding real product usage. Ethnographic research, rooted in anthropological studies, is one such method. It involves participant observation and aims to capture the *cultural meaning behind consumer actions*. Companies like Procter & Gamble, Best Western, and Intel have used ethnographic techniques, such as spending time with consumers in their homes or observing their use of products over time. These studies have led to major product or service improvements. A newer form of ethnography, **netnography**, is used to study *consumer behavior in online environments*. It involves observing interactions in online communities and analysing data to derive insights. For instance, Starbucks used netnography to gather consumer feedback from various online platforms, discovering both positive and negative perceptions of its brand. While netnography is *cost-effective and less intrusive*, it has limitations, including *potential biases* from self-selecting online participants and its applicability only to digital environments. Overall, both ethnography and netnography provide companies with a more *immersive, real-world view of consumer behavior*, helping them craft stronger brand strategies and improve products and services. Shows like *Undercover Boss* and techniques such as *mystery shopping* allow executives to experience their businesses from the customer's perspective. For example, the president of Office Depot discovered inefficiencies through this method, leading to store redesigns and refocused employee training. Ethnographic research is widely used to observe consumers in real-life settings and *uncover unmet needs*. Microsoft studied online search behaviours, while Miele developed a dust-sensing vacuum after observing allergy sufferers. Though powerful, ethnographic methods are *time-consuming, costly*, and often subjective. Companies also tap into *lead users* for product ideas. Frito-Lay's "Do Us a Flavour" contest and P&G's consumer-driven innovations like Swiffer and improved Pampers diapers are prime examples of turning qualitative insights into successful products. Swiffer, in particular, was born from observing the time-consuming process of cleaning mops and resulted in a more convenient cleaning solution. However, qualitative research has limits—> *small sample sizes and subjective interpretations* can make generalisation difficult. To counter this, firms like P&G combine qualitative and quantitative data to validate findings and drive better decision-making.

## Quantitative research techniques

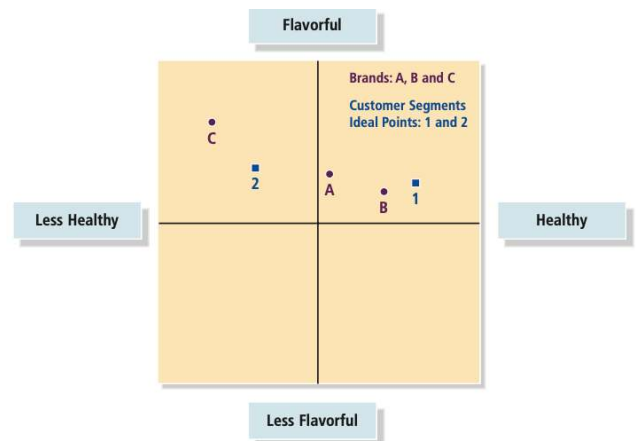


While qualitative research helps uncover initial associations and perceptions about a brand, quantitative research offers a more *definitive, measurable picture*. This allows marketers to make more confident and defensible strategic decisions. Quantitative research focuses on gathering *numerical data through structured methods*, such as scale-based surveys. These measures help evaluate the depth and breadth of brand awareness, the strength and uniqueness of brand associations, consumer judgments and feelings toward the brand, and the nature of brand relationships. Such data is often used in tracking studies to monitor how consumers' knowledge and perception of a brand change over time. Brand awareness is a key component, reflecting how easily a brand comes to mind and how strongly it is embedded in memory. Recognition is one way to assess this, where consumers are asked if they've seen or heard of a brand based on visual or verbal cues. More advanced recognition tests might distort the brand or show it briefly to assess the true strength of awareness. These tests are particularly relevant for *evaluating packaging*, where researchers may use tools like *eye tracking or tachistoscopes* to measure visibility, recall, and design impact under various conditions. Brand recall, on the other hand, requires consumers to retrieve brand information from memory without direct prompts. It is a more demanding task than recognition and can be tested using unaided or aided techniques. Aided recall might involve *narrowing cues* -> from broad categories like "cars" to specific ones like "high-performance German sports cars", to examine how a brand is categorised in consumers' minds. The goal is to assess how likely consumers are to recall a brand in different usage situations or based on product attributes. Speed and order of recall also provide insight into brand salience. An important caution in measuring awareness is the problem of *spurious awareness*. Consumers might mistakenly believe they've heard of a brand, especially if the name sounds familiar. This can mislead marketers into thinking awareness is higher than it truly is, potentially resulting in ineffective strategies. For instance, a brand with low market share but seemingly high awareness might not need image enhancement but instead a campaign to build real awareness. Understanding how consumers mentally organise brands, such as whether they think of the Porsche 911 as a car in general or strictly as a sports car, can influence marketing strategies and positioning decisions. However, broadening a brand's meaning to improve recall may also risk alienating its core audience. Thus, insights from brand recall studies are crucial for *defining brand identity and planning effective marketing communications*.

We now focus on focuses brand image, which refers to the associations and perceptions consumers hold about a brand. These associations can be divided into *lower-level attributes* (like specific features or benefits) and *higher-level evaluations* (such as judgments, feelings, and relationships). The two levels are connected because consumers' overall view of a brand often stems from their perception of its individual attributes. **Brand beliefs** are the descriptive thoughts consumers have about a brand's attributes and benefits. These beliefs form the *basis of brand image* and are key to assessing brand equity. Marketers evaluate brand associations across three dimensions: *strength, favourability, and uniqueness*. Open-ended questions help uncover what consumers think is strong, good or bad, and unique about a brand. To gain more precise insights,



marketers can apply rating scales to these associations or use *indirect quantitative methods*, such as *multivariate regression*, to analyse which brand attributes are most important and favourable to consumers. A more advanced method, *multidimensional scaling (MDS)*, helps visualise brand image by *plotting brands in a perceptual space* based on how similar or different consumers find them. This technique helps identify gaps in brand positioning and suggests how brands can *better align with specific market segments*. Finally, the passage mentions the growing role of *social media listening*. Brands now use algorithms to monitor and analyse online conversations in real time. This provides a cost-effective, ongoing way to assess consumer perceptions and track brand image in the digital space.



## Social media listening and monitoring

Social media monitoring has become a vital and specialised part of modern marketing research. Companies use it to track brand and product mentions across platforms like Facebook, Twitter, blogs, and forums. These tools provide two main data types: *volume* (how often a brand is mentioned) and *valence* (the sentiment, positive or negative, of those mentions). This data is usually summarised in a *dashboard*, which includes metrics like engagement levels, sentiment scores, related topics, and associated keywords, often compared over time or against competitors. Well-known providers in this space include Crimson Hexagon, Salesforce Social Cloud, and BrandWatch. These platforms offer marketers an *affordable, non-intrusive way to monitor brand perceptions*, unlike traditional methods like surveys or focus groups, which allow direct questioning but are more expensive and less dynamic.

Gatorade is a leading example of effective social listening. At its Social Media Command Center in Chicago, Gatorade *monitors brand-related activity* through visual dashboards that display tweet counts, trending topics, key terms, and sentiment across various media. This real-time insight helps the brand *tailor its content, boosting engagement by 250%*, address customer concerns, improve promotional targeting, and assess campaign effectiveness. A notable success involved the commercial song “Evolve” by David Banner. After noticing a surge in social media interest, Gatorade made the song available for free download, driving more web traffic. Social listening also helps Gatorade track *broader trends in sports nutrition* and monitor reactions to its innovative campaigns, such as those using virtual reality (like the 2015 Bryce Harper VR baseball experience). These efforts underline the importance of *real-time consumer feedback* in shaping agile, effective marketing strategies.

The communications environment has shifted and customers are engaged in *conversations with each other*, to a larger degree than ever before. With the proliferation of social media and digital



communications options, one concern of brand marketers everywhere is *understanding the return-on-investment (ROI) of each communication channel*.

**Brand response** -> The goal of measuring higher-level brand considerations is to understand how consumers synthesise specific brand perceptions into overall judgments and responses. Two key methods are used to assess this: purchase intentions and likelihood to recommend.

**Purchase Intentions** aim to predict actual buying behavior by asking consumers how likely they are to buy a brand under specific conditions -> *action, target, context, and time must all align*. For instance, asking how likely someone is to buy a GE refrigerator if their current one broke down and all brands were equally priced provides a more accurate indicator of purchase behavior. Responses are typically measured on a 0–10 scale.

**Likelihood to Recommend**, central to the *Net Promoter Score (NPS)* framework, measures customer loyalty. NPS is based on a single question: “How likely are you to recommend this product or service to a friend or colleague?” Responses are divided into:

- *Promoters (9–10)*
- *Passives (7–8)*
- *Detractors (0–6)*

NPS is calculated by subtracting the percentage of detractors from promoters. High scores are linked to strong customer loyalty and brand health: companies like Tesla, Apple, and Amazon have very high NPS values. While NPS has been effective for companies like GE Healthcare and Intuit, it has limitations. Critics argue it *lacks depth*, can be gamed at the cost of profitability, and *doesn't explain why a score is low*. Despite this, NPS remains a useful tool within a broader strategy to build a customer-centric culture and encourage advocacy.

#### Understanding attribution model

With the rise of digital and social media channels, marketers are increasingly focused on understanding the return on investment (ROI) from these platforms, particularly which channels contribute most to brand *awareness, engagement, or sales*. This analysis is known as *attribution modeling*, which involves assigning credit to various consumer touch-points that lead to a conversion. There are *three major challenges* in attribution modeling:

1. **Offline vs. Online Impact:** It's difficult to isolate the effect of online marketing (like paid search ads) when offline marketing (e.g., TV, magazines, billboards) may also influence consumer behavior and drive search queries or sales.
2. **Cross-Device Behavior:** Many consumers use multiple devices during their path to purchase—like browsing on a smartphone and buying on a desktop. Tracking and crediting these touch-points across devices is complex but essential for accurate media planning.
3. **Evaluating Channel Effectiveness:** Different attribution models (e.g., *first-touch, last-touch, linear*) distribute credit differently across digital channels like email, social media, search, and display ads.
  - *First-touch* gives full credit to the first interaction.
  - *Last-touch* credits the final interaction before purchase.
  - *Linear* divides credit equally across all touch-points, but may overlook the varying importance of each.

While advanced models offer more precision, they are often more *data-heavy and complex*. Finding the ideal balance between *accuracy and usability* in attribution modeling remains a key challenge—and ongoing priority—for digital marketers.



**Brand relationships** -> We build on the concept of brand resonance, diving deeper into its four core dimensions: *behavioral loyalty, attitudinal attachment, sense of community, and active engagement*. To assess these dimensions, researchers often adapt general brand engagement scales by inserting specific brand names into statements. For instance, a statement like “I have a special bond with the brands I like” can be changed to “I have a special bond with my Saab automobile.” This approach helps capture the *emotional and personal relevance* a brand has in a consumer’s life.

**Behavioral loyalty** is typically measured by *examining past and future purchase behavior*. Marketers might ask consumers which brand they usually buy, what they bought last time, or what they intend to purchase next. Comparing these self-reported intentions to actual behavior can *uncover discrepancies*, offering insight into how reliably consumers act on their stated preferences. For example, if consumers claim they’ll take vitamins daily but don’t follow through, it suggests a gap that brand managers might need to address through better engagement or reminders. In business-to-business contexts, sales data, team insights, and surveys help place customers on a “loyalty ladder” to assess their commitment.

**Attitudinal attachment** is often conceptualised through the lens of *brand love*. Several studies propose scales to measure the intensity of emotional connection consumers feel toward a brand, with statements like “This brand makes me feel good,” “I am passionate about this brand,” and “This brand is a pure delight.” Brand love can also be characterised by 11 dimensions:

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 favours 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 the relationship)
9. *Beauty* (of the brand)
10. *Trust* (the brand has never disappointed)
11. *Declaration of affect* (feel toward the brand)

A particularly promising approach views brand attachment as composed of two constructs: brand-self connection and brand prominence. *Brand-self connection* explores how deeply a person sees the brand as part of their identity, while *brand prominence* looks at how automatically and naturally thoughts of the brand come to mind. We need to emphasise the importance of *understanding both the behavioral and emotional dimensions of brand relationships*. These insights allow marketers to design more effective strategies for building long-term brand loyalty and deeper emotional ties with consumers.



**Sense of community** involves how consumers feel *connected to others* through their shared relationship with a brand. A key concept introduced here is *social currency*, developed by Vivaldi Partners, which refers to how much people include a brand in their daily social interactions, whether at work or at home. Social currency highlights the role of brands in conversations and relationships, revealing how embedded they are in consumers' lives.

Dimension	Key Question	Value of Dimension
Conversation	What share of your brand users recognizes and stirs buzz?	Customers proactively talk about a brand.
Advocacy	How many act as disciples and stand up for your brand?	Customers are willing to tell others about a brand or recommend it further.
Information	How many feel they exchange fruitful information with others?	The more information customers have about a brand, the more likely they are to develop preferences for the brand.
Affiliation	What share of users has a sense of community?	Value of brand is closely related to sense of community it creates among other like-minded people.
Utility	How much value do consumers derive from interacting with others?	Social exchange with others involving a brand is an integral part of people's lives.
Identity	How many of your users can identify with other users?	Customers develop strong sense of identity and ability to express themselves to others by using a brand.

**Active engagement** measures the degree to which consumers are *willing to invest their personal resources*, like time, energy, or money, *into a brand beyond simply buying or using it*. This can include things like word-of-mouth promotion, online discussions, or even creating content related to the brand. Researchers are especially interested in the quality of this engagement. For instance, while early online marketing efforts often focused on metrics like site traffic or page views, these numbers alone do not reveal how emotionally or meaningfully consumers are connected to the brand. More recent efforts attempt to quantify the brand value of social media interactions. For example, one study tried to assign a monetary value to a Facebook "like," estimating it could be worth between 44 cents and \$3.60 in media exposure. However, critics noted that not all social media followers offer the same level of engagement or impact, underscoring the need for more nuanced measurement tools. In summary, both sense of community and active engagement go *beyond surface-level metrics to explore the depth and richness of consumer relationships with brands*, and they are best assessed with tools that reflect the emotional and social dimensions of those relationships.



### Understanding brand engagement

*Actual brand engagement* refers to the consumer's current, real-world involvement with the brand and is what the brand resonance model typically measures. *Ideal brand engagement* reflects what consumers *wish* they could do with the brand, while *market brand engagement* captures what they believe *others* are doing with the brand. This last type ties closely to perceptions of *brand momentum* -> how much traction the brand seems to have with the broader market.

To measure actual brand engagement, researchers can use either *macro or micro approaches*. Macro measures assess broad resource investment, such as time, energy, and money a consumer is willing to spend on the brand. Sample statements might include: "It is worth spending more time on the brand," or "It is worth spending more money on the brand."

*Micro measures* look at specific brand-related behaviours and fall into three categories:

1. *Collecting brand information*, such as reading about the brand in the media, visiting its website, or following blogs.
2. *Participating in brand marketing activities*, including engaging with ads, trying samples, buying branded merchandise, or noticing sponsorships.
3. *Interacting with other people*, including discussing the brand with friends or colleagues, joining online communities, or participating in loyalty programs.

These questions can be tailored to the brand's context, offering insight into how deeply and in what ways consumers are engaging. By capturing both individual activity and perceived social dynamics, this framework provides a comprehensive picture of a brand's engagement strength.

**Fournier's Brand Relationship Research** -> Susan Fournier's brand relationship research reimagines the consumer-brand connection as a *genuine relationship*, with brands acting as partners that engage in behaviours influencing consumers' perceptions and emotional bonds. Rather than viewing brand personality as a static set of traits, Fournier proposes a dynamic model where a brand's actions through marketing decisions are interpreted by consumers as signals of relationship intent, forming different kinds of relational bonds. She outlines 15 types of brand relationships that *mirror interpersonal relationships*, ranging from arranged marriages and casual friendships to flings, courtships, enmities, and secret affairs. These forms capture the *diversity and complexity of how consumers emotionally and behaviourally relate to brands*. For instance, a brand showing affection and commitment might be seen as a romantic partner, while a forced dependence on a brand could resemble enslavement. Fournier's most significant contribution is the concept of **Brand Relationship Quality (BRQ)**, a framework for assessing the strength, depth, and endurance of these consumer-brand relationships. BRQ includes six core dimensions:

1. *Interdependence*: How much the brand is woven into a consumer's daily life, both in behavior and thought. At its extreme, this can lead to dependency or addiction.
2. *Self-concept connection*: How well the brand reflects and supports a consumer's identity and personal narrative, including both nostalgic and current associations.
3. *Commitment*: The consumer's ongoing willingness to remain loyal to and invest in the brand, beyond practical constraints.
4. *Love or passion*: Emotional intensity and irreplaceability felt toward the brand, surpassing other alternatives.
5. *Intimacy*: A deep, mutual understanding between the consumer and the brand, including how the brand "knows" and interacts with the individual.



6. *Partner quality*: The consumer's perception of the brand's reliability and competence in fulfilling its role as a relationship partner.

Fournier argues that BRQ provides *richer, more actionable insights* than traditional measures of brand strength. Unlike trait-based models, BRQ captures the ongoing emotional and behavioral exchanges between consumers and brands. It has proven valuable in brand tracking and strategy development by offering a deeper diagnostic view of brand equity and relationship dynamics, aiding managers in both maintaining brand strength and addressing weaknesses.

#### Chapter summary

According to the brand value chain, brand equity stems from the customer mind-set—what customers know, think, feel, and do in relation to a brand. Measuring this equity requires understanding how customers shop for, use, and perceive brands. Key components include brand awareness and brand image, which influence customer responses that drive equity. This chapter outlines *qualitative and quantitative* methods for assessing brand knowledge. Qualitative techniques help uncover potential brand associations and provide deep, nuanced insight into consumer perceptions. Quantitative methods, on the other hand, offer structured, scalable ways to measure brand awareness, the strength and uniqueness of brand associations, customer responses, and relationship dynamics. With the rise of social media, *brand monitoring has evolved*, allowing marketers to access real-time consumer data. As *machine learning* advances, these tools may increasingly replace traditional methods, enabling low-cost, large-scale brand image analysis based on online content.



### Young & Rubicam's Brand Asset Valuator

The **Brand Asset® Valuator (BAV)**, developed by Young & Rubicam and now managed by The BAV Group, is the world's largest consumer brand database, analysing over 56,000 brands across 52 countries. It measures brand equity through four key "*Brand Pillars*" and helps explain brand growth, decline, and recovery. The model also links brand metrics to financial performance, guiding strategic brand decisions like positioning, extensions, and partnerships.

The Four Brand Pillars:

1. **Energised Differentiation** – Measures how unique and dynamic a brand is; strongly linked to pricing power and growth.
2. **Relevance** – Indicates brand appropriateness and potential consumer reach.
3. **Esteem** – Reflects consumer regard and respect for the brand; tied to loyalty.
4. **Knowledge** – Represents consumer familiarity with the brand; not always a positive if it surpasses esteem.

Pillar Relationships:

- **High Differentiation > Relevance**: Signals emerging brands with growth potential.
- **High Relevance > Differentiation**: Indicates commoditised brands lacking uniqueness.
- **Esteem > Knowledge**: Consumers are curious; growth opportunity.
- **Knowledge > Esteem**: Brand may be overexposed or outdated; risk of decline.

The **PowerGrid** -> This visual tool maps brands based on: **Brand Strength** (Energised Differentiation + Relevance) and **Brand Stature** (Esteem + Knowledge). Brands evolve through quadrants:

- Lower left: Emerging or niche brands.
- Upper left: Rising brands with high differentiation.
- Upper right: Leadership brands with high strength and stature (e.g., Apple, Disney).
- Lower right: Fading brands (e.g., Kmart, Citibank) that have lost strength.

BAV & Financial Impact: Brands in the leadership quadrant have higher intangible value per dollar of sale. Changes in BAV pillars impact stock prices—2/3 affects future returns, 1/3 current earnings. Sector differences affect how brand equity translates into financial value.

**Case Study – Google** -> Google exemplifies rapid brand leadership: Built all four pillars quickly, especially Energised Differentiation. Maintained advantages through:

- Strong brand attributes (innovative, trustworthy, helpful)
- Successful category extensions (e.g., Gmail, Chrome)
- Effective global expansion, achieving consistent high rankings globally

In contrast, **AOL** lost its pillars one by one, ultimately fading despite initial high knowledge. Why BAV is Unique:

- **Category-agnostic**: Evaluates brands outside specific product categories for broader insights.
- **Global and scalable**: Uses consistent metrics across regions and demographics.
- **Data-driven**: Backed by quarterly panels, financial modeling, and a robust set of brand and consumer dimensions.

In summary, the BAV is a powerful brand equity and strategy tool, offering *deep insights into brand health, positioning, and long-term success through a mix of consumer perception, comparative analytics, and financial linkage*. There is much commonality between the basic BAV model and the brand resonance model. The four factors in the BAV model can easily be related to specific components of the brand resonance model:

- *BAV's Differentiation relates to brand superiority.*
- *BAV's Relevance relates to brand consideration.*
- *BAV's Esteem relates to brand loyalty.*
- *BAV's Knowledge relates to brand resonance.*

Note that brand awareness and familiarity are handled differently in the two approaches. The brand resonance framework maintains that brand salience, and breadth and depth of awareness is a necessary first step in building brand equity. The BAV model treats familiarity more effectively—almost in a warm feeling or friendship sense—and thus see it as the *last* step in building brand equity, more akin to the resonance component itself. The main advantage of the BAV model is that it provides rich category-agnostic descriptions and profiles across a large number of brands. It also provides focus on four key branding dimensions. It provides a brand landscape in which marketers can see where their brands stand relative to other prominent brands in many different markets. The descriptive nature of the BAV model does mean, however, that there is potentially less insight as to exactly *how* a brand could rate highly on specific attributes. Because the measures underlying the four pillars have to be relevant across a very disparate range of product categories, the measures (and, consequently, the pillars) tend to be abstract in nature and not related directly to product attributes and benefits, or more specific marketing concerns. Nevertheless, the BAV model represents a landmark study regarding its ability to enhance marketers' understanding of what drives top brands and where their brands fit in a vast brandscape.



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## Chapter 11 - Measuring Outcomes of brand equity: Capturing market performance

Brand equity is a complex, multidimensional concept that *cannot be accurately captured by a single measure*. Instead, multiple indicators are needed to assess a brand's overall health. These measures help marketers understand not only what is happening to a brand, but why.

Effective brand equity measurement involves evaluating brand awareness, associations, consumer responses, and relationships. Strong brand equity brings several benefits such as:

1. *Perception of better product or service performance*
2. *Greater loyalty and less vulnerability to competitive marketing actions and marketing crises*
3. *Larger margins and more inelastic responses to price increases and elastic responses to price decreases*
4. *Greater trade cooperation and support*
5. *Increased marketing communication effectiveness*
6. *Opportunity for successful licensing and brand extension*

To assess brand equity, two key methods are used:

- **Comparative methods**, which evaluate how consumer perceptions influence marketing outcomes.
- **Holistic methods**, which estimate the total value of the brand.

Ultimately, the value of a brand depends on consumer brand knowledge and the strength of its equity sources.

### Comparative methods

Comparative methods are research techniques used to assess the *benefits of strong brand equity* by examining consumer attitudes and behavior. There are two primary types:

1. **Brand-based comparative approaches**: These studies keep the marketing element constant while *varying the brand*. One group of consumers evaluates a marketing activity attributed to the target brand, while another evaluates the same activity linked to a competitor or fictitious brand. This isolates the impact of brand associations on consumer response.
2. **Marketing-based comparative approaches**: These studies hold the brand constant but *vary elements of the marketing program*. Consumers respond to different versions of the marketing activity, allowing assessment of how marketing changes affect brand perceptions.

Together, these approaches help estimate the added value a brand contributes. **Conjoint analysis** is a related technique that effectively integrates *both approaches* by examining how consumers evaluate combinations of brand and marketing elements.



Brand-based comparative approaches assess brand equity by *holding the marketing activity constant and varying the brand attribution*. This allows researchers to isolate the value of the brand itself. These methods often use competitive brands as *benchmarks*, though fictitious or unnamed versions may also be used. However, consumers may *mentally associate the unnamed version with familiar category leaders*, potentially influencing results. A classic application is *blind testing*, where consumers evaluate products without brand identification. These studies often reveal *significant differences in perception once brand names are revealed*. Brand-based approaches are especially useful for evaluating how brand equity impacts pricing, advertising, or consumer perceptions of new marketing initiatives. The primary advantage of this method is its ability to *clearly measure the influence of brand knowledge*. However, its limitations include the *realism* of the experimental design and the feasibility of attributing familiar marketing activities to other brands. The findings are also constrained by the number and type of marketing activities tested.

Marketing-based comparative approaches evaluate consumer responses to *variations in the marketing program while keeping the brand constant*. These methods are widely used to assess factors such as *price sensitivity, advertising effectiveness, and brand extension potential*. Historically, this approach has helped measure *brand commitment and price premiums*, such as Edgar Pessemier's method of analysing consumer *switching behavior* in response to incremental price increases. Modern applications include determining *willingness to pay* for branded components, like Intel processors, or conducting *A/B testing in digital environments* to compare marketing executions based on conversion rates. These approaches are also useful in evaluating advertising strategies, media plans, and brand extension concepts. For example, consumer surveys on hypothetical Planters brand extensions revealed that successful extensions aligned with consumer expectations of nut-related, snack-like products. The primary benefit of marketing-based comparative methods is their *flexibility and ease of execution*. However, a key limitation is the *difficulty in distinguishing whether consumer reactions are driven by brand-specific equity or general product category knowledge*. This ambiguity may be addressed by testing responses across competitive brands using more advanced statistical methods.

Conjoint analysis is a *survey-based, multivariate technique* used to understand consumer decision-making by evaluating *trade-offs between product and brand attributes*. Participants assess a series of product profiles, each with systematically varied attributes, allowing researchers to calculate the relative value (or *part worth*) of each attribute level. This method helps estimate *consumer preferences for new product configurations and assess the value consumers place on specific attributes*, such as brand name. Classic applications include studies on product packaging, branding, pricing, and design, including the development of the Courtyard by Marriott hotel concept. It has also been employed across industries, from consumer goods to healthcare and hospitality. A simplified version, known as *brand and price trade-off analysis*, is used to



measure brand loyalty and willingness to pay. Consumers choose between brands at varying prices, revealing the financial value they assign to their brand preferences. The key strength of conjoint analysis lies in its ability to evaluate *multiple product and marketing variables simultaneously*, offering rich insights into consumer preferences for both the focal and competing brands. However, its effectiveness depends on the *realism of product profiles and the accurate specification of attribute levels*, as unrealistic combinations may skew results.

## Holistic methods

Holistic methods of measuring brand equity assess the brand's total value, either in abstract utility or tangible financial terms, aiming to isolate the brand's unique contribution. Two key holistic approaches are the *residual approach* and the *valuation approach*.

**Residual Approach** -> This method determines brand equity by *subtracting the impact of physical product attributes from overall consumer preference*. The residual is considered the value derived solely from the brand itself. Several variations of this approach have been developed:

- **Scanner panel data:** Researchers use consumer purchase data to isolate brand equity, controlling for price, promotions, and product features. For example, Kamakura and Russell's model uses supermarket scanner data, while Ailawadi et al. introduced the "*revenue premium*" metric, comparing branded and generic product sales.
- **Choice experiments:** Swait, Erdem, and others assess brand equity using controlled experiments to identify the "*equalisation price*" -> the price at which a branded product's utility equals that of an unbranded alternative.
- **Multi-attribute attitude models:** Srinivasan, Park, and Chang propose decomposing brand equity into brand awareness, attribute perception biases, and non-attribute preferences. Their model allows for a detailed analysis of how brand-related perceptions influence overall preference.
  - The *attribute-perception based 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 *non-attribute preference component* of brand equity is the difference between subjectively perceived attribute values and overall preference. It reflects the consumers' overall appraisal of a brand that goes beyond the utility of individual product attributes.
- **Brand impressions:** Dillon and colleagues distinguish between specific associations (e.g., features and benefits) and general brand impressions.

**Advantages:** Residual approaches offer financial perspectives and benchmark brand equity across products.



**Limitations:** They are more effective for brands with strong product-related associations and less diagnostic for non-product-based brand attributes. Additionally, they often adopt a static view, in contrast to the dynamic, consumer-response focus of customer-based models.

**Valuation Approach** -> valuation approaches are used to determine the *financial worth of a brand*, reflecting the broader understanding that much of a company's corporate value is tied to *intangible assets*, particularly brands. Estimates suggest that brands may account for as much as *30 percent or more of the total stock market value* of companies listed in the S&P 500. For example, nearly half of the S&P 500's \$17.9 trillion market capitalisation is attributed to intangible assets, which include brand equity. The ability to place a monetary value on brands is crucial for several reasons. It plays an important role in *mergers and acquisitions* by helping to assess the value of potential purchases or disposals. It also supports *brand licensing efforts*, whether for internal tax purposes or for third-party agreements. Companies use brand valuations for *fundraising*, such as using brands as collateral for loans or to show investors how branding efforts have created value. Within organisations, brand valuation *informs portfolio strategies* and helps *prioritise resource allocation based on brand performance*. Furthermore, it assists in measuring return on investment in marketing activities. In essence, brand valuation has become a vital tool for both strategic and financial decision-making, reflecting the increasing recognition of brands as *core assets that drive long-term business success*.

The accounting treatment of brand valuation begins with the distinction between tangible and intangible assets. **Tangible assets**, such as property, equipment, and inventories, can be valued through *accounting book values or estimates of replacement costs*. In contrast, **intangible assets** are elements that enable a company to earn returns beyond what tangible assets can generate. These include patents, trademarks, and brand names, as well as less concrete factors like management expertise and customer relationships. Although intangible, these assets significantly *augment a firm's earning power and are generally recorded as goodwill during acquisitions*. In acquisition contexts, goodwill often represents a premium paid by the buyer, which can exceed the total of tangible and intangible asset values. Brand assets, as part of intangible assets, are governed by the same accounting standards. However, a significant anomaly arises in the United States: *brands developed internally do not appear on balance sheets, whereas acquired brands do*. This discrepancy is due to Financial Accounting Standards Board (FASB) guidelines, which stipulate that costs associated with developing internal brands cannot be reliably separated from overall business development costs. Therefore, these are not recognised as intangible assets under Generally Accepted Accounting Principles (GAAP). A comparison of GAAP with International Financial Reporting Standards (IFRS) reveals a fundamental philosophical difference. While GAAP limits recognition of intangible assets to their *fair market value*, IFRS considers *future economic benefits*, thus offering a broader scope for brand valuation outside the U.S. This accounting treatment poses challenges to brand valuation, including difficulties in reliably assessing consumer perception and the variability in value among different intangible assets.



Moreover, because brand valuations are partially *perception-based* and often influenced by dynamic market conditions, their value is hard to quantify consistently. Another complication is *impairment*. Negative events that harm a brand's reputation can lower its value, but quantifying this loss is difficult. Since revisions to brand valuations on balance sheets are infrequent, this creates the so-called "*moribund effect*," where brand value remains unchanged despite market developments. A case in point is Gillette, whose brand value has not shifted on Procter & Gamble's balance sheet since its 2005 acquisition, even though the company's overall market capitalisation has changed. In the U.S., companies can amortise goodwill over a maximum of ten years or its useful life, and they must perform annual impairment tests to ensure the asset's value is still justified. FASB maintains that the inclusion of brand equity in financial reports is hindered by several factors: the lack of verifiable development costs, the difficulty in identifying specific transactions responsible for brand value (such as the delayed effect of advertising), and the uniqueness of each brand, which prevents consistent criteria for evaluation. Despite these constraints, companies and investors *recognise the managerial importance of brand valuation*, and various attempts have been made to quantify brand worth.

The modern practice of brand valuation gained visibility when Rupert Murdoch's News Corporation included magazine brand values on its balance sheet in 1984, taking advantage of Australian accounting rules. In the UK, Grand Metropolitan pioneered brand valuation disclosures to align shareholder equity with market capitalisation. Other countries like Canada, Germany, and Japan have allowed some or all goodwill, including *brand-related goodwill*, to be deductible for tax purposes in acquisitions. To determine a brand's value in mergers or acquisitions, firms typically employ one of three approaches: *cost, market, or income*. The cost approach estimates how much it would take to *recreate or replace a brand, factoring in research, advertising, and other development costs*. However, this method often overemphasises past investments, which may not reflect future earning potential. For long-standing brands, the original investment is often unknown or irrelevant. Additionally, estimating the cost of creating an intangible asset is much more difficult than doing so for a tangible asset, and replacement efforts face practical challenges such as competitive and legal barriers. The market approach values a brand based on the *price it could fetch in an open market between willing buyers and sellers*. While theoretically sound, this method struggles with the *lack of open transactions* involving brand sales and the difficulty of comparing unique brand assets. The income approach estimates a brand's value by *calculating the present value of future earnings attributable to the brand*. There are three main variations: *capitalising royalty earnings* (based on the licensing fees a company avoids by owning the brand), *capitalising premium profits* (the additional income a branded product earns compared to a generic one), and *capitalising the brand's net profitability after deducting maintenance costs and taxes*. A notable example is the Royalty Relief method used by the consultancy Brand Finance. This method calculates brand value based on the theoretical savings from not having to license the brand, using public data to project post-tax royalties and derive a net present value. Overall, while accounting limitations persist, the strategic importance and growing sophistication of brand



valuation methods have made it an essential element in corporate decision-making and financial planning.

## Brand valuation: a review of major approaches

Academic researchers have proposed various models to systematically value brands, with one influential study defining brand equity as the *extra cash flows generated by branded products over unbranded ones*. This method relies on the assumption that a firm's market value accurately reflects *all future asset-related cash flows*, thus positioning brand equity as a key intangible asset. The model incorporates *brand age, market entry timing, and advertising efforts to estimate brand value*. Beyond academic efforts, several major industry-based brand valuation models have emerged, particularly from Interbrand, BrandZ, and Brand Finance. These approaches blend *financial metrics with brand equity indicators* to estimate a brand's worth.

Interbrand's model evaluates brand value through three core components: *financial forecast, role of brand, and strength analysis*. The financial forecast estimates future cash flows for brand-related segments, adjusts for operating costs, taxes, and capital charges, and then multiplies the resulting economic profit by the role of brand. This role reflects how much of a consumer's *purchase decision is attributable to the brand itself* rather than to factors like price or features, and is measured using research, benchmarking, and expert panels. Brand strength, which is inversely related to brand risk, is assessed across ten dimensions, such as clarity, relevance, and engagement, leading to a discount rate that is applied to future branded earnings to arrive at a final brand value.

BrandZ follows a "*Meaningfully Different*" framework that emphasises three consumer-driven benefits: *meaningfulness* (meeting needs), *difference* (distinctiveness), and *salience* (being top of mind). These attributes are said to lead to greater sales, premium pricing, and future growth. BrandZ first allocates corporate earnings across individual brands using an Attribution Rate. These branded earnings are then adjusted using a *Brand Multiple*, which reflects future earnings potential, to determine financial value. To isolate the brand's unique contribution, BrandZ calculates brand contribution, which assesses how brand associations influence purchasing behavior and pricing power, using a large-scale global consumer survey. The brand's final value is derived by multiplying financial value by the brand contribution percentage.

Brand Finance utilises the "*relief from royalty*" approach, estimating brand value based on *hypothetical royalty payments a firm would make if it licensed its own brand*. It begins by assessing brand strength using a Brand Strength Index (BSI), which scores the brand from 1 to 100. This score is used to determine an appropriate royalty rate within industry benchmarks, with stronger brands receiving higher royalty rates. These rates are then applied to projected future revenues, forecasted using past performance, analyst reports, and economic trends, to calculate a stream of royalties. This stream is discounted to present value, giving the final brand valuation.



Overall, while the methodologies differ in execution, all three industry models aim to *capture the brand's financial impact and consumer-driven value*, combining quantitative analysis with strategic insights to assess brand worth.

The three major brand valuation methods, Interbrand, BrandZ, and Brand Finance, share some core similarities but also significant differences:

#### 1. **Common Ground:**

- All three are based on *income-based valuation*, projecting future brand-related earnings and discounting them to present value.
- Interbrand and BrandZ use the *economic profit method*, while Brand Finance uses the *relief from royalty method*.
- All use financial data and brand strength estimates, applying discounting methods -> *discount rates* for Interbrand and Brand Finance, and a *brand multiple* for BrandZ.

#### 2. **Differences in Brand Earnings Attribution:**

- Interbrand adjusts earnings based on the *brand's role in purchase decisions*.
- BrandZ isolates brand effects from other factors using *large-scale consumer research*.
- Brand Finance calculates brand earnings by applying *royalty rates* aligned with brand strength and industry norms.

#### 3. **Data Sources and Brand Perception Measurement:**

- Interbrand uses global brand and consumer data.
- BrandZ gathers consumer insights across a wide base -> millions of people and thousands of brands.
- Brand Finance uses the Brand Asset Valuator and royalty data.

4. **Criticism and Inconsistency** -> The methods often yield widely differing brand values for the same brand. In a study of 68 brands, all three approaches *overestimated values by 2–3 times*. These inconsistencies arise from differing *assumptions, sampling biases, and inclusion criteria* -> For example, Interbrand only includes large, global brands. BrandZ includes smaller and local brands. Brand Finance requires royalty data for valuation.

5. **The Core Challenge** -> A key issue is the *inseparability* of brand value from product, design, or marketing. Like evaluating a sports coach's contribution to a team, *isolating brand value is complex and subjective*.

6. **Efforts to Standardise** -> ISO 10668, released in 2010, attempts to standardise brand valuation procedures. The Marketing Accountability Standards Board (MASB) also works toward a unified approach to brand valuation.



There is *no universally accepted method for valuing brands*. Each approach provides a useful perspective but also carries limitations. The debate continues over whether a brand's value can, or should, be reduced to a single number.

#### Understanding brand valuation

The Marketing Accountability Standards Board (MASB), established in 2007 by a collaboration of industry experts and academics, aims to enhance the role of marketing within organisations by setting standards for measuring marketing performance and linking it to financial results. One of MASB's key initiatives is the development of a *standardised approach to brand valuation*. To achieve this, MASB conducted an 18-month tracking study involving 120 brands, bringing together experts from academia, marketing, and finance. The study identified brand preference as a core indicator of brand strength and demonstrated that this measure could explain 77 percent of the variation in unit market shares across the brands studied. MASB's model proposes that *brand strength, measured through preference, drives market share*. In turn, market share influences the velocity, or flow of revenue into the business. Combined, market share and velocity determine the operating cash flow. Finally, this operating cash flow, when considered alongside real options (such as a brand's ability to expand into new categories or markets), determines the brand's overall value. To estimate brand value, the model uses *market share multiplied by price, adjusted by assumptions regarding production costs and the size and penetration of the category*. The central idea is that the net present value of a brand's future cash flows is *driven by brand preference*, the proportion of consumers who consistently choose the brand over its competitors. Professor David Stewart, former MASB chair, emphasised that by linking brand preference to metrics like market share, price premium, and distribution, firms can *better project future operating cash flows and derive a financial estimate of brand value*. MASB's approach is designed to systematically *connect consumer behavior to financial outcomes*, offering a transparent and replicable method for valuing brands. Looking forward, this framework could lead to the widespread inclusion of brand value on company balance sheets.



### Chapter summary

This chapter explores two main approaches to measuring the benefits of brand equity: comparative methods and holistic methods. *Comparative methods* help assess the influence of consumer perceptions and preferences on marketing activities, while *holistic methods* aim to estimate the total value of a brand. Though different in focus, these approaches *complement each other*, and insights from comparative methods can inform holistic valuations. When combined with the measures of brand equity sources discussed in the previous chapter, they contribute to the brand value chain, offering deeper insight into the impact of marketing actions. Despite these tools, measuring return on investment (ROI) from brand marketing remains *challenging*. The chapter outlines four general guidelines to improve this process: *invest in distinctive and creative marketing, benchmark against competitors and company history, use strategic brand equity models like the brand resonance model and the brand value chain, and track brand performance using both formal and informal methods*. A central theme is that brand equity cannot be captured by a single measure. It is a multidimensional concept that reflects both the knowledge structures consumers hold and how effectively a company leverages them. Over-reliance on one-dimensional measures, such as Coca-Cola's blind taste tests, can overlook crucial aspects of brand equity. The value of a brand is also *context-dependent*. It varies based on how well the brand aligns with the acquirer's assets and infrastructure, as noted by experts like Peter Fader and Paul Feldwick. In essence, a brand's worth is not just inherent but also *relational*—it increases with strategic fit, much like how properties gain value in Monopoly when part of a set. Ultimately, the customer-based brand equity framework advocates using a wide range of research tools and metrics to fully understand and harness the potential of brand equity.

### Summary of possible methods

**Comparative methods** -> use experiments that examine consumer attitudes and behaviour toward a brand, to more assess the benefit arising from having a high level of awareness and strong, favourable 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 the 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 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



### Financial perspectives on brands and the brand value chain

This section emphasises the central role brands play in value creation, from internal company actions to external financial outcomes. Brands *influence stock performance, reduce risk, and shape firm valuation* through a four-stage value chain: company actions, customer perceptions, customer behavior, and financial market response. High brand quality boosts stock returns and reduces firm-specific risk, while consistent customer ratings (low dispersion) further enhance *value and stability*. Brand equity dimensions such as *relevance and energy* are especially predictive of strong stock performance, and incorporating these into valuation models improves accuracy, especially during mergers and acquisitions. Brand equity also reduces both systematic and idiosyncratic risks, enhancing firm resilience. *Negative brand events can damage not only the affected firm but also competitors in the same market*. Portfolio structure and branding strategy matter too: companies with high-quality, broad brand portfolios perform better, while those with *high-priced brands underperform*. Corporate branding approaches, such as branded houses, offer financial advantages through synergies like *cross-selling and more efficient marketing*. Marketing investments, including advertising and social media, directly affect brand equity and, in turn, firm value. Coordination between marketing and finance is critical for maximising these effects. Strong brands benefit more from *extensions and rebranding efforts*, and co-branding or alliances between reputable brands often generate positive investor responses, particularly when there's alignment in brand image, innovation, and exclusivity. Overall, brand management is a key strategic lever that drives financial performance, investor confidence, and long-term corporate success.

## Chapter 12 - Designing and implementing brand architecture strategies

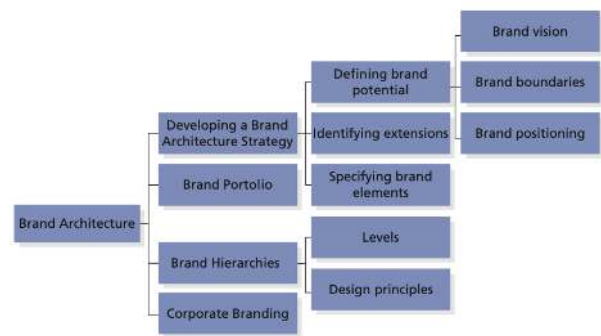
The successful introduction of new products and services is essential for a firm's long-term financial success, and maximising brand equity across all offerings is key. *Brand architecture*, the strategic organisation of brand elements across products and services, helps consumers make *sense of a company's offerings and influences how they mentally categorise them*. Many firms use complex brand names with multiple elements, each conveying part of the brand's structure and meaning. To guide effective brand architecture, a three-step development process is proposed. Two core tools, *brand portfolios and brand hierarchies*, are used to define relationships among brands and products and help structure the overall strategy. *Corporate branding* is another important area, with attention given to corporate image and how it is shaped by factors like social responsibility, image campaigns, and name changes. *Corporate social responsibility* (CSR) is highlighted as a vital component of successful brand strategy, influencing both brand perception and long-term value.

### Developing a brand architecture strategy

A firm's brand architecture strategy guides decisions about *which products and services to offer and how to brand them using names, logos, and symbols*. It helps define a brand's *breadth* (scope across products) and *depth* (complexity of brand layers). The strategy serves two main purposes:



clarifying brand awareness by helping consumers understand similarities and differences among offerings, and improving brand image by transferring brand equity to enhance trial and repeat purchases. Brand architecture development is organised into three key steps: defining brand potential (the market footprint), identifying brand extension opportunities, and branding new products and services with the right elements and positioning.



### The brand-product matrix

A firm's brand architecture strategy is effectively represented by the brand-product matrix, which maps brands (rows) against products (columns). This tool helps firms organise and analyse their branding and product strategies. The *rows show the brand-product relationships* (i.e., how a brand is extended across products), while the *columns reflect product-brand relationships* (i.e., how many brands exist within a product category). A firm's strategy can be described as broad and deep if it features many brands that are extended across multiple categories. Key terms clarify this strategy. A *product line* includes closely related products within a category, while the *product mix* is the full range of all product lines a company offers. The *brand mix* refers to all brand lines a company markets. Managing these effectively helps firms *address different customer segments and stay competitive*. Defining a firm's *market footprint* involves three decisions: choosing focus areas and target segments, tailoring brand architecture to those markets, and divesting from non-essential businesses. Nestlé illustrates this approach well. It has shifted focus toward health and wellness products, customised offerings for specific markets (like Indian spice-flavoured dairy and Chinese health powders), and divested non-core areas (such as its confectionery business). Overall, Nestlé's success lies in its ability to continuously adapt its brand and product mix in response to market changes.

## Step 1: defining brand potential

The first step in building a brand architecture strategy is defining the brand's potential, which involves clarifying the brand vision, brand boundaries, and brand positioning. The **brand vision** represents management's *long-term outlook on what the brand can become*. Many brands possess untapped potential that remains unrealised due to limited strategic vision. **Brand boundaries** refer to the *scope of markets and categories a brand can credibly stretch into*. Companies like Nestlé and Starbucks have *adjusted these boundaries over time*. Nestlé shifted toward health and wellness, tailoring its offerings accordingly. Starbucks attempted to reposition itself as a lifestyle brand beyond coffee, but some extensions (e.g., beer, wine, Teavana) didn't resonate, leading the company to refocus on its coffee core. Brand expansion can be done *sequentially*, as shown by Crayola. Originally known for crayons, Crayola gradually extended into related products like markers and paints, then into broader arts and crafts tools, successfully redefining its brand meaning while staying relevant to its core audience—children. Google's example illustrates the challenges and solutions of broad brand expansion. Initially a search engine, it extended into maps, phones, and home assistants using a *hybrid brand architecture*—a mix of **branded house** (e.g., Google Maps) and **house of brands** (e.g., Nest, Calico). To manage this diversity and avoid diluting the core Google brand, Google restructured in 2016 by creating



Alphabet, a *parent company*. This allowed innovation across different industries without compromising Google's core identity. Overall, defining brand potential through vision, boundaries, and positioning is essential for long-term success. *Strategic extensions can build equity when managed carefully*, while poor fits can confuse consumers or reduce brand value. To build an effective brand architecture, a company must first *understand its current brand equity*, as this forms the foundation for what the brand can become. The brand vision should be *broad and aspirational*, capturing a higher-order purpose that aligns with consumer values, while remaining *realistic and actionable*. A strong brand vision strikes a balance between present realities and future potential, guiding the brand's evolution. **Brand boundaries** define what products or services the brand should offer, the benefits it delivers, and the needs it fulfills. Successful brands like Apple, Virgin, and GE have stretched across categories, but such extensions must be *deliberate*. Scott Bedbury's "Spandex Rule" warns that just because a brand *can* stretch into a new category doesn't mean it *should*. Marketers must evaluate brand extensions strategically to ensure relevance and fit. Broad brands are positioned abstractly enough to allow for cross-category growth. For instance, Delta Faucet used its core identity, stylish and innovative, to expand into various kitchen and bathroom products. But every brand *has limits*, and certain extensions may not be credible (e.g., Delta launching cars). When entering distant categories, firms often *introduce new brands*, as seen with Honda's Acura or Nike's acquisition of Cole Haan for formal shoes. To avoid dilution, many top companies are *streamlining brand portfolios*, focusing on fewer, stronger, and clearly differentiated brands that each serve sizeable market segments effectively. Lastly, **brand positioning** adds specificity to the vision. It involves defining the competitive frame, points-of-difference, points-of-parity, and a brand mantra. The mantra helps keep the brand focused, *ensuring growth while preserving relevance and distinctiveness*.

## Step 2: Identifying brand extension opportunities

Step 2 of building a brand architecture strategy focuses on identifying and launching *new products and services through brand extensions* to achieve the brand's full potential, defined earlier through brand vision, boundaries, and positioning. There are two main types of brand extensions:

- **Line extensions:** New products within an existing category (e.g., Tide Pods).
- **Category extensions:** New products in a different category (e.g., Tide Dry Cleaners).

A key part of successful brand extension is *sequencing* -> introducing extensions gradually and strategically to build brand equity over time. Each extension should be evaluated for how it aligns with the brand's promise and its points-of-difference (PODs) and points-of-parity (POPs).

Nike is a prime example of this approach, growing over 25 years from a North American men's shoe brand into a global athletic lifestyle brand that spans apparel, equipment, and tech—like the Nike+iPod fitness tracker developed with Apple. However, launching brand extensions is *challenging*. Most new products are extensions, and most of them *fail*. In a competitive market,



poorly conceived extensions are especially risky. Therefore, marketers must apply *rigorous planning, positioning, and execution* to increase the chances of success.

### Step 3: Specifying Brand Elements for Branding New Products and Services

Step 3 in developing brand architecture focuses on deciding *how to brand new products and services*, using appropriate brand elements (e.g., names, logos, visual identity) to ensure clarity and maximise consumer understanding. There are three main brand architecture strategies:

- **Branded House (BH)** – One master brand used across all products (e.g., SAP, Oracle).
- **House of Brands (HOB)** – A collection of individual, unrelated brand names (e.g., Procter & Gamble, Unilever).
- **Hybrid Strategy** – A mix of both, often using sub-brands (e.g., Apple iPad, Ford Fusion, American Express Blue).

**Sub-brands** combine the equity of the parent brand with unique positioning for the new product. They help signal both *similarities and differences* to consumers. Examples include: Hershey's Kisses (fun and playful, yet connected to Hershey's quality), FedEx sub-brands (each has a distinct identity and color scheme) and Google (uses both sub-brands -Google Maps- and unrelated brands under Alphabet). Sub-branding can be powerful but *requires significant investment and consistent marketing* to build strong brand associations. If the new product doesn't offer distinctive, complementary benefits, it may be better to stick with a simpler strategy, such as a BH model with just a *product descriptor*.

The 3 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 determining brand potential (step 1), and brand hierarchy analysis for defining brand boundaries and identifying brand elements for branding particular products and services (steps 2 and 3).

### Brand portfolio

A brand portfolio encompasses *all the brands a company offers within a particular product category*. Its effectiveness is judged by how well it maximises brand equity across the entire portfolio. Ideally, no brand within the portfolio should diminish the equity of another; instead, each brand should *enhance the collective value*. Companies often maintain multiple brands in the same category primarily to *improve market coverage*. Since different customer segments have varied preferences, a single brand is unlikely to appeal equally to all. Multiple brands allow a firm to *target diverse market segments, price levels, distribution channels, and geographic areas*. Procter & Gamble, for example, successfully introduced the Cheer detergent brand alongside its existing Tide brand, which resulted in increased overall category sales. Other motivations for having multiple brands include gaining *more visibility and shelf space in retail stores, catering to variety-*



*seeking consumers, stimulating internal competition, and achieving economies of scale in areas like advertising and distribution.* However, marketers must weigh these benefits against costs and profitability. A portfolio may be too large if removing brands increases profits, or too small if adding brands can improve returns. Poorly differentiated brands within a portfolio can lead to *cannibalisation*, making strategic pruning necessary. The core principle in portfolio design is to ensure no potential customer is left out while minimising overlap among brands. Each brand should have a *unique target market and positioning* to avoid internal competition. Over the past decade, Procter & Gamble has aimed to enhance market coverage and reduce overlap by focusing on growing existing billion-dollar brands rather than constantly launching new ones. This strategy led to successful line and brand extensions such as Tide Pods, Crest Whitening products, Gillette Fusion, and Pampers Swaddlers. Ultimately, a well-structured brand portfolio is one where each brand plays a specific and valuable role, contributing to both consumer satisfaction and company profitability. Within the possible roles of the brands we can find:

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

**Flanker or “fighter” brands** are used strategically to *defend a company's more profitable flagship brands*. Their primary purpose is to *strengthen points-of-parity with competitors and protect premium offerings*. For instance, Qantas launched Jetstar as a low-cost airline to compete with Virgin Blue and preserve its premium brand image. Companies may also acquire or reposition existing brands to act as flankers, as Wyndham did with Days Inn and AmericInn to target different market segments. Flanker brands can *prevent competitors from seizing low-end market opportunities*. Gillette, for example, suffered when it failed to counter Dollar Shave Club's entry at the low-price end. Similarly, P&G repositioned Luvs as a discount diaper brand to protect its premium Pampers line. However, creating flanker brands requires *balance* -> they must be competitive without cannibalising the flagship brand or damaging the parent brand's image.

**Cash cow brands**, although no longer heavily promoted, continue to generate profits due to *loyal customer bases and minimal marketing investment*. Netflix's DVD rental service is one such example. Though it serves far fewer users than the streaming service, it remains profitable and is sustained due to its strong niche loyalty.



Brands may also introduce **high-end or low-end variants** to serve specific purposes. Low-end or entry-level products help attract new customers and drive foot traffic, often serving as stepping stones to higher-priced offerings. Verizon and BMW have used this approach effectively, with BMW introducing its 1 series to draw customers into the brand before upgrading them to more expensive models. High-end or prestige brands, on the other hand, enhance the brand portfolio's image. For example, the Chevrolet Corvette enhances Chevrolet's overall brand reputation, even if it contributes minimally to profits.

In conclusion, brands in a portfolio should each have a **distinct role and positioning**. Whether used for expansion, protection, or prestige, every brand must contribute to the company's broader strategy while minimising redundancy. Many firms are now streamlining their portfolios, eliminating underperforming or overlapping products to improve efficiency and profitability.

#### Expanding the Marriott

Brand Marriott International evolved from a single root beer stand in the 1920s into a global hospitality leader through **strategic diversification and expansion**. The company began by adding hot food to its root beer stand, then grew into in-flight catering and restaurant services under the name Hot Shoppes. It opened its first hotel in 1957 and rebranded as Marriott Corporation in 1967. By 1977, Marriott's sales surpassed \$1 billion due to its entry into **various service categories**. Recognising limited growth potential in the traditional hotel market, Marriott adopted a **segmented marketing strategy**. In 1983, it launched Courtyard by Marriott to target the mid-priced hotel segment, followed by further expansion into timeshares, luxury hotels, and economy options. Over time, it introduced a **wide range of brands to meet specific traveler needs**, including Residence Inn, Fairfield Inn, JW Marriott, Marriott Suites, and SpringHill Suites. After splitting into two companies in 1993—Host Marriott (hotel ownership) and Marriott International (management/franchising)—the company continued growing through **acquisitions and new brand introductions**. It bought stakes in Ritz-Carlton and Renaissance Hotels, expanded into extended-stay and corporate housing, and entered the boutique and lifestyle hotel market with brands like EDITION, the Autograph Collection, and AC Hotels. By 2017, Marriott operated 6,700 properties in 130 countries, generating nearly \$17 billion in revenue. The 2016 acquisition of Starwood Hotels for \$13 billion made Marriott the world's largest hotel chain, enhancing its brand architecture and market coverage. Throughout its growth, Marriott has maintained a **clear and strategic brand architecture**, successfully minimising brand overlap while ensuring broad market reach.

## Brand hierarchies

A brand hierarchy is a **structured way of displaying a company's branding strategy by showing how various brand elements**, like names or model numbers, **are organised across products**. It highlights how brand elements are shared or distinct, and helps clarify their roles within the product portfolio. For example, a **Dell Latitude E7450** includes three brand elements: "Dell" (corporate brand), "Latitude" (family brand), and "E7450" (modifier/model). This nesting of elements can be mapped in a hierarchy, often structured in five levels:

1. **Corporate/Company Brand** → The top-level brand representing the entire company (e.g., General Motors). Some firms, like GE, rely heavily on this, while others, like Fortune Brands, may not even feature it on products.
2. **Family Brand** → A brand used across multiple product categories, like Nestlé's Kit Kat or PepsiCo's Doritos. It creates efficiencies in marketing and builds shared brand associations but can also pose risks if one product fails.



3. **Individual Brand** → A brand focused on a single product category, such as Doritos or Lays, tailored for specific target audiences. These provide flexibility but are costly and complex to manage individually.
4. **Modifier** → Distinguishes variations of a brand by model, size, flavour, etc. For example, Land O'Lakes butter variants or Dockers pant fits. Modifiers help consumers understand product differences and refine choices.
5. **Product Descriptor** → Not a brand element itself, but it explains what the product is or does (e.g., "midsize luxury sport sedan"). It's crucial for positioning, especially for new or evolving products.

Overall, the brand hierarchy ensures that each product's branding is *purposeful, helps reduce consumer confusion, and supports clear market positioning*. A brand hierarchy offers firms *multiple branding options*, and designing the right one is critical. Netflix's journey provides a powerful example of how brand architecture can influence business outcomes. Founded in 1997, Netflix disrupted traditional video rental with its DVD-by-mail service, later pioneering online streaming. To address revenue differences between DVD (37% profit margin) and streaming (65%), Netflix in 2011 attempted to split its business: DVD rentals under a new brand, Qwikster, and streaming under Netflix. The change, along with a sudden 60% price increase, was poorly received → over 600,000 subscribers left, and widespread backlash followed. The Qwikster name and strategy were quickly scrapped. Despite this setback, Netflix recovered by *learning from its mistakes and strategically extending its brand*. It successfully launched *original programming* like *House of Cards*, *Orange is the New Black*, and *Stranger Things*, which boosted its reputation and drove subscriber growth. Netflix's global expansion (reaching worldwide availability by 2016) and strong content offerings helped solidify its position as a leading entertainment brand. The company's ability to *adapt quickly and focus on long-term brand strength* was key to its sustained success.

Brand elements at each level of the hierarchy may contribute to brand equity through their ability to create awareness as well as foster strong, favourable 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 combination of brand elements from different levels of the hierarchy, if any, to use for any one particular brand*

**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*: 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.



## 5. *The best way to link any one brand element, if at all, to multiple products*

When introducing new products, firms should follow three key principles:

1. **Principle of Growth** -> Invest based on return on investment (ROI), weighing whether to expand existing markets or develop new products (e.g., Cisco's pivot to Internet video).
2. **Principle of Survival** -> Brand extensions must build their own brand equity and not be weak "me too" offerings.
3. **Principle of Synergy** -> Extensions should enhance the parent brand's equity.

Choosing how many levels of branding to use depends on *how much information the firm wants to communicate*. More levels (e.g., corporate brand, family brand, individual product) allow for detailed product distinction, while fewer levels offer simplicity and cost-efficiency.

**Sub-Branding** -> Combining a parent brand with a unique sub-brand name helps convey *product-specific traits while maintaining the strength of the parent brand*. Sub-brands (e.g., Nike's Air Max LeBron, Jordan line) improve *retail clarity and customer understanding*, and generate enthusiasm. Marketers can use various brand elements (name, design, graphics, etc.) to help customers connect extensions with parent brands and understand differences between offerings.

**Brand Simplicity** -> The branding strategy should match product complexity. Simple products (like light bulbs or chewing gum) need fewer branding levels, often using a family brand plus product modifiers. For example, GE uses brand variants like C-Life and C-Sleep under its smart bulb line to cater to specific consumer needs. More complex products (like cars or electronics) often require *multiple branding levels*. For instance, Samsung uses "Galaxy" and "Gear" as family brands, while Honda created Acura to appeal to luxury car buyers. Acura eventually dropped individual sub-brand names (e.g., Legend, Integra) in favour of an alphanumeric system (e.g., TL, RL), which boosted recognition of the Acura brand itself. Too many brand levels can *overwhelm consumers*. A better approach is to use multiple family brands at the same level and expand brand depth when needed, ensuring *clarity and strategic synergy* across products.

When creating brand awareness and associations at different levels of a brand hierarchy, marketers should focus on relevance and differentiation:

**Principle of Relevance** -> Marketers should create associations that are *broadly applicable*, especially at the corporate or family brand level. This efficiency helps consolidate meanings across products. For example, Nike's "Just Do It" slogan reinforces performance, a relevant trait for all Nike products. Abstract benefit associations (like performance) are highly adaptable across product categories. However, *strong category-specific associations may limit brand expansion* (e.g., Blockbuster's struggle to extend beyond video rentals).



**Principle of Differentiation** -> It is essential to *distinguish brands at the same level to avoid confusion*. If brands are too similar, they may lose clarity, leading to issues like General Motors' failure to differentiate its family of brands (Oldsmobile, Pontiac, Saturn). Marketers should avoid brand proliferation and ensure clear distinctions.

**Flagship Products** -> A flagship product represents the *core of the brand* and plays a *crucial role in both short-term sales and long-term brand equity*. Flagship products are typically the ones that first gained fame, are best sellers, or have a strong reputation (e.g., Ivory soap, American Express cards). Companies like Viacom and Hershey have streamlined their efforts around flagship products to improve brand synergy and marketing efficiency.

When combining multiple brand elements (e.g., corporate brand with sub-brands), it's crucial to manage their prominence:

**Principle of Prominence** -> This refers to the relative *visibility of each brand element*, such as order, size, and distinctiveness. For example, if Nike's "Air Max" is more prominent than the corporate name, the sub-brand would take precedence in shaping consumer perceptions. The relative prominence of brand elements affects *how consumers perceive the brand's positioning*. *Primary elements* of the brand convey the *main product positioning and unique selling points*, while *secondary elements* reinforce supporting *associations or offer additional information*. In a brand endorsement strategy (e.g., General Mills placing its "Big G" logo on cereals), the corporate brand name provides minimal direct influence, avoiding negative feedback but offering limited brand association transfer. Overall, achieving the right balance of relevance, differentiation, and prominence at each level of the brand hierarchy helps create strong, clear brand associations that resonate with consumers.

Marketers use a *branding strategy screen* to adjust the prominence and type of brand elements based on *how closely a new product or service relates to the parent brand*. If the new offering is strongly related to the parent brand and presents low brand equity risk, using a parent-brand-first sub-brand or simply a product descriptor is typically appropriate. However, if the product is more *distant from the parent brand or poses higher brand equity risk, it is better to use a parent-brand-second sub-brand or create a completely new brand*. In such cases, the parent brand might function more as an *endorser* rather than taking center stage. These decisions also depend on what consumers expect from the brand and how they intend to use the product. When linking a single brand element to multiple products, known as the *horizontal aspect of branding*, the **principle of commonality** is key. This principle states that the more brand elements products share, the stronger the perceived connection between them. One straightforward way to link products is by using the brand element without changes across different items. Alternatively, *adapting a part of the brand can also be effective in maintaining consistency while introducing variation*. For example, Hewlett-Packard extended its successful LaserJet printer line by introducing other printers like DeskJet, PaintJet, and OfficeJet. McDonald's applied its



recognisable “Mc” prefix across various products, including Chicken McNuggets, McRib, and Egg McMuffin. Brands such as DKNY, CK, and Ralph Lauren’s Double RL use initials to connect product lines under a unified brand identity. Apple has successfully employed the “i” prefix in products like the iPod, iPhone, and iPad. Another way to create consistency across products is through *shared symbols or logos*. Nabisco, for instance, places its corporate logo prominently on packaging, establishing a strong endorsement even when product names differ. Ordering products logically within a brand line also helps convey *relationships between them and guides consumer choices*. This can be done through *color schemes*, as with American Express cards ranging from Red to Black, or through *numbers*, as seen in BMW’s 3-, 5-, and 7-series vehicles. Such strategies also help build *brand migration pathways*, enabling customers to move easily among a company’s offerings. The positioning of a brand within the overall product line can influence consumer perception and preference, making thoughtful organisation a crucial aspect of branding strategy.

Design Objective/Goal	Principle	Definition
Specifying products to introduce	Growth	Investments made in market or product development should be made according to ROI opportunities.
Specifying products to introduce	Survival	Brand extensions must achieve brand equity in their categories
Specifying products to introduce	Synergy	Brand extensions must enhance the equity of the parent brand
Number of levels in hierarchy	Simplicity	Provide the right amount of branding information at each level in hierarchy, balancing the number of shared and separate associations
Achieving awareness and image at each level	Relevance	Create associations at each level that are relevant to as many brands nested at the level below
Achieving awareness and image at each level	Differentiation	Distinguish brands at the same level as much as possible to ensure lack of overlap
Combining elements from different levels	Prominence	Relative visibility of a brand element determines its importance in consumers' perceptions
Combining elements from different levels	Commonality	The more common brand elements products share, the stronger the linkages between them.

## Corporate branding

Corporate branding plays a central role in brand architecture because it encompasses a *broader range of associations than product branding*. A corporate brand can evoke perceptions tied not only to products and their benefits, but also to the *people behind the company, its values, programs, and overall credibility*. These associations influence the brand equity and performance of individual products. For example, research showed that consumers with a positive image of DuPont were more likely to trust and buy its Stainmaster carpet. Building a strong corporate brand often requires the company, and its leadership, to maintain a *high public profile to influence more abstract associations like values and trust*. This means being open to scrutiny, transparent about company practices, and willing to communicate frequently with the public. Leaders, such as the CEO, may also become symbolic figures representing the brand. When managed effectively, a corporate brand offers significant marketing advantages. However, nurturing corporate brand equity is *complex and demands long-term commitment*. Strong corporate branding can positively influence how all stakeholders, consumers, employees, partners, and others, *respond to the company’s messages, products, and actions*. For instance, people are



more likely to react favourably to a press release or product from a well-known corporate brand than from a generic or unknown one. Ultimately, a corporate brand allows a company to express its *identity beyond just its products, helping shape consumer perceptions and build loyalty*.

Decisions about how a corporate brand is structured within brand architecture can significantly affect financial performance and risk, highlighting its strategic importance.

#### Corporate Reputations: The most admired U.S. companies

Two major annual surveys provide valuable insights into corporate reputation.

**Fortune magazine's survey** evaluates the top 1,500 companies globally across 64 industries. Around 3,800 senior executives, directors, and analysts rate companies on nine criteria, including *management quality, product quality, innovation, long-term investment value, financial strength, talent management, social and environmental responsibility, asset use, and global competitiveness*. Respondents also select the 10 companies they admire most, regardless of industry. While rankings change over time, some companies like Apple consistently remain in the top 10.

**The Reputation Quotient (RQ) study** by Harris Poll and the Reputation Institute focuses on *public perception*. It begins with over 30,000 U.S. participants identifying the 60 most visible companies. These companies are then rated on 20 attributes grouped into six categories: *emotional appeal, products and services, social responsibility, vision and leadership, workplace environment, and financial performance*. The study offers a broad view of how the general public perceives corporate reputations, showing both the stability and volatility of public opinion over time.

#### Brand architecture strategies: house of brands or branded house

There are two main brand architecture strategies: **Branded House (BH)**, where a single corporate brand is used across all products (e.g., GE, IBM), and **House of Brands (HOB)**, where each brand is distinct and not visibly linked to the parent company (e.g., P&G with Tide and Cheer). Some firms use a **mixed strategy** that incorporates elements of both. Research has shown that BH strategies tend to yield *higher financial value*, as investors often appreciate the clarity and efficiency they provide. HOB strategies, while offering diversification and reduced risk through multiple brands, may be undervalued by the market because the *benefits are less visible*. Further studies reveal that brand architecture impacts not only financial performance but also *market and reputational risks*, such as brand dilution, overextension, or cannibalisation. For example, sub-branding, like FedEx with FedEx Express, FedEx Ground, etc., can *enhance reach but also increase the risk of weakening the parent brand*. Additionally, brand portfolio characteristics, such as the number of brands, market segments served, internal brand competition, and consumer perceptions of quality and price, can greatly *influence a firm's marketing efficiency and financial outcomes*. In conclusion, brand architecture plays a critical role in signalling a firm's future value to investors. BH strategies tend to offer greater efficiency and higher stock market returns, but all approaches carry trade-offs. Managers should consider the balance between reach and risk, and align architecture decisions with their firm's context and goals.

**Corporate image dimensions** -> A corporate image is shaped by a company's *products, actions, and communication*. It creates various associations in consumers' minds, which significantly affect brand equity. These associations can include *product attributes, benefits, user types, usage situations, or broader attitudes*, like Hershey with chocolate or 3M with innovation. When a corporate brand spans multiple categories, intangible traits like problem-solving ability (e.g., Black & Decker), fun (e.g., Nintendo), high quality (e.g., Motorola), and innovation (e.g., Rubbermaid) often become dominant associations. Of these, quality and innovation are especially influential. A *high-quality image* signals that the company consistently delivers superior products, supported by third-party reviews and ratings (e.g., J.D. Power, Yelp). Consumers often prioritise quality when making purchase decisions. An *innovative image*, on the other hand, reflects a company that regularly launches new, unique products, is forward-thinking, and invests in R&D,



making it seem both competent and trustworthy. 3M exemplifies an innovative corporate image. From its early transformation of mining waste into sandpaper, to launching Post-it Notes and Scotch tape, 3M has built a *legacy of inventiveness*. With over 50,000 products and top-tier patent filings, its culture promotes widespread participation in innovation. Key initiatives include the “15 percent time” policy for employee-driven projects, executive-backed venture teams, and an openness to learn from failure. 3M also leverages global collaboration through social innovation networks to generate ideas and develop new markets. Its focus on sustainability and digital transformation further reinforces its modern, innovation-led image.

Corporate image is strongly shaped by how a company’s people and values are perceived. One key area is the **association with employees**. Companies, especially *service-oriented* ones like Southwest Airlines, Nordstrom, and Ritz-Carlton, build brand equity through employee traits such as professionalism, warmth, and responsiveness. Even manufacturers like DuPont have emphasised employee image to influence customer perceptions. A positive, customer-focused corporate image makes consumers feel the company *listens, cares, and acts in their best interests*. However, negative employee-related issues, like Uber’s past “toxic office culture”, can harm brand image. Employees not only shape perceptions directly through service but also *symbolically*. For example, one utility company was imagined by customers as competent and reliable, but also cold and distant, highlighting how *abstract employee impressions affect brand identity*. Beyond people, **corporate values and programs** also drive image. Brands often engage in campaigns that highlight *commitments to social, environmental, or ethical issues*. These don’t always relate directly to products, but they signal a company’s broader role in society. British Airways is a standout example of **cause marketing**. Its long-running campaigns like *Change for Good* with UNICEF and *Flying Start* with Comic Relief UK have successfully tied the brand to social impact. These programs, which cleverly collect unused foreign currency from passengers, raised millions and significantly boosted the airline’s public image. As a result, British Airways has consistently ranked among the UK’s most admired brands. In sum, consumers connect with corporate brands *not just through products but through the people behind them and the values they represent*. These human and ethical associations powerfully shape brand equity.

**Corporate credibility** refers to the extent to which consumers believe a company can reliably create and deliver products or services that meet their needs. It’s built on three pillars: **corporate expertise** (perceived competence), **trustworthiness** (honesty and dependability), and **likability** (how attractive or relatable the company seems). When a firm is seen as credible, it not only attracts more consumers but also *gains broader advantages*, such as favourable treatment from regulators, stronger employee loyalty, and resilience during crises. A good reputation acts as a *buffer in times of trouble*. L.L.Bean exemplifies corporate credibility. Known for its integrity, customer service, and quality outdoor products, the brand has earned long-term trust through consistent actions, like offering pre-purchase advice, hassle-free returns, and a 100% satisfaction



guarantee. Its ethos, rooted in *honesty and respect*, supports its image as both trustworthy and expert.

In summary, intangible associations like credibility can become powerful sources of brand equity. But for these associations to be meaningful, companies must *back up their image with actions* that customers can see, feel, or experience.

Managing the corporate brand involves several key considerations, particularly in the areas of corporate social responsibility (CSR), corporate image campaigns, and corporate name changes. **Corporate social responsibility** has become increasingly influential in how consumers perceive brands. Consumers are not just evaluating product features, but also how companies *treat employees, shareholders, and the broader community*. A company's reputation, especially the CEO's, significantly impacts financial perceptions. Brands like Ben & Jerry's and TOMS Shoes exemplify this trend. Ben & Jerry's integrates Fair Trade practices and donates a portion of its profits to social causes, reinforcing its "do-gooder" image. TOMS Shoes built its brand around the One for One model, providing shoes, and later, essentials like clean water and eye care, to people in need with every purchase made.

**Corporate image campaigns** are another essential tool for shaping perceptions of the entire organisation, often *without focusing on individual products*. Companies like Apple, Google, and IBM run such campaigns to reinforce brand values and identity. These efforts are sometimes *criticised as superficial*, but when well-executed, they can offer substantial benefits, such as *enhancing credibility, strengthening employee morale, and positively influencing public opinion*. Philips, for example, revamped its image with campaigns like "Sense and Simplicity" and "Innovation and You," aligning its brand with user-centered innovation and lifestyle enhancement. These campaigns can also incorporate *philanthropic components*, as seen in ConAgra's hunger relief work and Johnson & Johnson's recycling initiative. To maximise the probability of success, however, marketers must clearly define the objectives of a corporate image campaign *and* carefully measure results against them. A number of different objectives are possible in a corporate brand campaign:

- *Build awareness of the company and the nature of its business.*
- *Create favourable attitudes and perceptions of company credibility.*
- *Link beliefs that can be leveraged by product-specific marketing.*
- *Make a favourable impression on the financial community.*
- *Motivate present employees and attract better recruits.*
- *Influence public opinion on issues.*

In contrast to corporate image campaigns, **brand line campaigns** promote a series of related products and emphasise their shared benefits or themes. General Mills succeeded in doing this by advertising its switch to 100% whole grain cereals, thus highlighting health benefits and educating consumers. However, brand line campaigns must maintain *consistency*. Lancia, a Fiat



brand, faced backlash when it attempted to incorporate Chrysler models under its European luxury identity, showing the risks of incoherent brand integration.

**Corporate name changes** are often necessary during mergers and acquisitions and should be carefully managed to *preserve or enhance brand equity*. Sometimes, a new name combines both merging entities, as with JPMorgan Chase. In other cases, the stronger brand is retained, and the weaker one is phased out, as Citicorp did with Travelers. When neither name carries strong equity, a *completely new identity may be introduced to reflect new capabilities or directions*. Ultimately, managing a corporate brand is about *delivering on promises, aligning internal and external perceptions, and adapting to evolving consumer expectations*. Effective brand management helps build trust, credibility, and loyalty in a highly competitive marketplace.

#### When brands trade hands

Brand acquisitions have become a *common strategy* in marketing as an alternative to building products and brands internally, which can be costly, slow, and risky due to high failure rates. Acquiring brands allows firms to *strengthen their competitive position or enter new markets and segments more efficiently*. For instance, Estée Lauder acquired luxury fragrance brand By Kilian, while Nantucket Nectars changed ownership multiple times before landing with Dr. Pepper Snapple Group. Research shows that the success of brand acquisitions, measured by increased market share and shareholder value, largely depends on several conditions. These include the *strength of the target brand's equity, the acquiring firm's marketing management capabilities, and a focused business model with limited diversification*. Investors tend to value acquisitions more when the acquiring company is strong in marketing and can manage the transition well. However, changing the acquired brand's name can pose risks to brand equity, *potentially harming the acquisition's value*. Overall, while brand acquisitions offer a strategic route to growth, their success hinges on clear focus, sufficient resource allocation, strong marketing capabilities, and thoughtful integration into the existing brand portfolio. Without these, even well-known brands may suffer post-acquisition neglect or erosion.

Brand name changes often occur due to *mergers, acquisitions, divestitures, or strategic shifts in direction*. For example, Andersen Consulting rebranded as Accenture after separating from Arthur Andersen, a move that later protected it from negative associations when Arthur Andersen became entangled in the Enron scandal. Similarly, companies like U.S. Steel, Allegheny Airlines, and the Lance Armstrong Foundation changed names to reflect broader business scopes or distance themselves from scandals.

However, name changes are *complex, expensive, and risky*. Experts caution that they should only be pursued for strong marketing or financial reasons and must be backed by a well-executed strategy. A *new name cannot fix product issues or reputational damage alone*. Legal checks, domain availability, and brand equity loss are also key considerations.

When choosing a new name, companies should evaluate it for *memorability, relevance, appeal, legal protection, flexibility, and fit with the corporate strategy*. A name can clarify direction or signal transformation, as seen when Google became part of Alphabet. Still, poor execution or public



backlash can derail efforts. Macy's rebranding of Marshall Field's met resistance, and Gap's logo redesign was scrapped within a week after negative feedback. UAL's failed attempt to rename itself "Allegis" led to a \$7 million loss and a swift return to United Airlines.

Ultimately, successful rebranding depends on *strategic clarity, stakeholder communication, and consistency*. If done carefully, a new name can eventually gain acceptance and even enhance brand equity.

## Brand architecture guidelines

Brand architecture blends discipline with creativity, requiring clear rules and consistency, but also *flexibility to adapt to different markets and strategies*. There's no universal approach, many firms use *hybrid strategies* tailored to individual products or audiences. For example, Miller uses its corporate name on beers like Miller Lite but distances itself from brands like Sharp's (non-alcoholic) and Icehouse (ice beer) to better appeal to distinct consumer segments. Brand hierarchies can also shift depending on target markets; DuPont might emphasise its corporate name in industrial markets but lead with product brands like Teflon for consumers.

When evaluating brand architecture, firms should consider:

- Do brands have clear roles with minimal overlap?
- Are brand extensions feasible or overextended?
- What equity flows between parent and sub-brands?
- How profitable is each brand, and what cross-selling potential exists?

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* -> recognise what customers know and want, and how they will behave
2. *Create broad, robust brand platforms* -> strong umbrella brands are highly desirable. Maximise synergies and flow
3. *Avoid over-branding and having too many brands* -> for example, high-tech products are often criticised 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. *Ensure brand acquisitions mesh well with current brand architecture* -> sudden efforts to rebrand an acquisition could have negative consequences which may result in loss of customers



### Chapter summary

Managing brand equity effectively requires a well-designed branding strategy, which involves deciding *how brand elements are applied across a firm's products and services*. Tools like the brand-product matrix, brand portfolio, and brand hierarchy help marketers develop an optimal brand architecture by considering customer needs, company goals, and competitive dynamics.

The *brand-product matrix* maps all brands (rows) against products (columns), highlighting brand extension strategy (breadth) and product-brand relationships (depth). Breadth refers to the range of products a firm sells, while depth focuses on the number and roles of brands within each category.

Firms often use multiple brands in a category to reach different segments or serve strategic roles:

- **Flanker brands** protect main brands.
- **Entry-level brands** expand customer base.
- **Prestige brands** elevate brand line image.
- **Cash cow brands** maximise profits from established equity.

The *brand hierarchy* shows the structure of brand names from corporate brand to modifiers. Marketers must determine the number of levels and how prominently each brand element appears (e.g., size, color, order), especially in sub-branding. Awareness and image at each level should be defined, ensuring relevant and differentiated associations to build equity.

*Brand associations* linked to corporate or family brands can include product attributes, people, values, or corporate credibility. The corporate image reflects what the company makes, how it acts, and how it communicates. Any name changes, especially after mergers, must be handled with care, as they can harm brand equity and investor confidence. Lastly, *corporate social responsibility* is increasingly vital. Consumers are more conscious of how products are made and the impact on the environment. Many firms now use cause marketing to align with customer values and boost brand equity.

### Corporate social responsibility and brand strategy

Corporate Social Responsibility (CSR) has become a central strategy for many firms, especially large corporations in the U.S. and U.K., who collectively invest billions in CSR initiatives. Defined broadly as the *impact of business behavior on society*, CSR more specifically involves an organization's obligation to *maximise its positive contributions while minimising its negative effects*. Activities under the CSR umbrella include cause-related marketing, sustainability efforts, and green marketing, all of which can influence consumer perceptions and strengthen brand strategy. CSR enhances a *company's legitimacy and credibility* in the eyes of consumers. Brands known for ethical behavior and social engagement are often viewed more favourably. For example, programs like Tide's "Loads of Hope" and Whirlpool's work with Habitat for Humanity have generated goodwill and positive media attention. CSR can also *increase brand awareness* through repeated exposure, though the messaging tends to focus on *values and emotional resonance rather than product features*. By engaging in CSR, brands can evoke strong emotional responses, particularly feelings of *social approval and self-respect*. This emotional connection may be reinforced through *external symbols or reflective experiences*. CSR also fosters a sense of brand community, allowing consumers to rally around shared values and causes. Digital platforms further enable these communities to thrive. Campaigns such as the ALS Ice Bucket Challenge illustrate how CSR initiatives can go *viral and deepen consumer engagement*. When executed strategically, CSR humanises the firm, turning customers into ambassadors who actively promote the brand. McDonald's use of Ronald McDonald House Charities is a prime example of how a well-aligned CSR effort can *reinforce a brand's identity and build lasting bonds with the public*. **Cause marketing**, when credible and clearly tied to a brand, can provide competitive differentiation. However, if perceived as insincere or self-serving, it may backfire and damage the brand's reputation. This is especially true when CSR efforts contradict other negative publicity about the company, leading to accusations of corporate hypocrisy. **Green marketing** represents a specific form of CSR focused on environmental sustainability. Despite its growing importance, it faces unique challenges. While many companies—like GE with its Eco-margination initiative—have successfully leveraged green marketing to improve both reputation and business outcomes, others have struggled with *overexposure and consumer skepticism*. Claims such as "eco-friendly" or "organic" can be *vague or misleading*, prompting regulatory scrutiny and demands for substantiated evidence. Consumers often express support for environmentally friendly products, but their *actual purchasing behavior doesn't always align with these intentions*. Factors such as product performance, convenience, and price frequently outweigh green considerations. Poor implementation and aggressive or unclear messaging have further complicated the effectiveness of early green marketing efforts. Nonetheless, companies continue to seek ways to meet consumer expectations without sacrificing profitability. International markets, particularly in Europe and Japan, have shown greater maturity and acceptance of sustainable product solutions. Ultimately, while CSR and green marketing are not without obstacles, they offer powerful tools for brand differentiation and emotional engagement. When executed authentically and strategically, they can *transform consumer perceptions, foster loyalty, and position brands as meaningful contributors to social and environmental progress*.



## Chapter 13 - Introducing and Naming new products and brand extensions

Historically, firms avoided brand extensions, favouring a "*one brand–one product*" model inspired by companies like Procter & Gamble and Unilever. However, economic pressures and competitive demands led firms to reconsider, and many now *leverage their most valuable brands to launch multiple products under a single umbrella*. This shift has given rise to power or mega brands, such as Dove, which successfully extended from soap into broader personal care categories through campaigns like "Real Beauty." Still, the chapter warns that excessive product variation can lead to brand dilution and consumer confusion. The chapter outlines the benefits and drawbacks of brand extensions and introduces a model explaining how consumers assess them. It offers practical guidelines for naming and launching new products and concludes with a review of key academic research on the topic. A case study of Apple illustrates successful brand extension and growth strategies in practice. We begin by examining sources of firm growth through *Ansoff's product and market expansion grid*, which classifies growth strategies based on whether they involve existing or new products and whether they target existing or new markets. While existing products can be leveraged for market penetration or expansion, the introduction of new products is often essential for long-term success. Though the full complexity of new product development is beyond this chapter's scope, the focus is on the brand equity implications of launching new products. Firms have three main branding strategies when introducing a new product:

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*



### Growing the McDonald's brand

Over the past decade, McDonald's has faced health concerns, market saturation, and economic uncertainty, prompting it to adopt diverse growth strategies aligned with Ansoff's matrix. These efforts have helped the brand maintain *stable financial performance* and even boost the entire quick-service industry. For **market penetration**, McDonald's shifted from rapid expansion to improving existing stores under the "Better, not bigger" motto. It extended hours, refined menus, and launched all-day breakfast, which significantly boosted revenue. Campaigns like "I'm Lovin' It" have supported product launches and built global brand loyalty. In **market development**, McDonald's successfully expanded worldwide, adapting menus to local tastes—like mutton burgers in India or Teriyaki Burgers in Japan. It also targeted new demographic segments, such as young women, with salads and lighter options. For **product development**, the company responded to health criticisms with new offerings like salads, wraps, and premium sandwiches. It also tapped into the premium coffee market with its own line of affordable coffee and introduced novelty items like the "fork" to promote its gourmet burgers. Though *diversification* has been limited, McDonald's introduced McCafé and McTreat, and even experimented with hotels and wedding packages, showing its willingness to explore new avenues while reinforcing its brand.



A **Brand extensions** involve using an established brand name to introduce a new product. These come in two main types:

- **Line Extensions:** New products within the same category (e.g., new flavours or sizes).
- **Category Extensions:** Products in different categories (e.g., Oprah launching a magazine, Oreos moving into ice cream).

About 80–90% of new products are line or brand extensions, which are favoured due to brand familiarity, helping reduce risk and improve acceptance. There are several advantages of using a brand extension strategy:

- *Improve brand image* by leveraging existing consumer perceptions.
- *Reduce customer-perceived risk*, especially when linked to credible corporate brands.
- *Increase distribution and trial likelihood*, as retailers are more likely to stock trusted brands.
- *Lower promotional costs*, focusing marketing on the product rather than building brand awareness.
- *Reduce launch costs*, avoiding expenses related to new branding and trademarks.
- *Enhance packaging and shelf presence* via consistent visual branding.
- *Encourage consumer variety-seeking* within the brand.

Examples include Microsoft's Xbox, Apple's iPhone updates, and Starbucks' cold beverages. Even in film, *movie sequels* act as line extensions, *reducing marketing costs and leveraging existing popularity*. L'Oréal exemplifies brand extension success. With diverse brands across different segments and global reach, it uses technology, research, and channel exclusivity to dominate the beauty market. L'Oréal frequently refreshes its offerings and leverages digital tools like AI to engage consumers and boost e-commerce. In summary, brand extensions, if well-managed, *boost product success, reduce risk and cost, and strengthen the parent brand*, though careful strategic planning is essential. Brand extensions not only help new products succeed but also offer key feedback benefits to the parent brand:

- *Clarify Brand Meaning* -> Extensions can define and broaden what a brand stands for, helping *avoid "marketing myopia."* For example, Lego now stands for creativity and fun, while Dove conveys personal care. Brands like Xerox and GE have redefined themselves through broader business missions, opening doors to new opportunities.
- *Enhance Parent Brand Image* -> Successful extensions can strengthen, improve, or add brand associations. For instance, Nike's move from shoes to apparel reinforced its identity in sports and performance. Extensions can also *boost perceptions of a company's credibility and trustworthiness*.
- *Attract New Customers and Expand Market Coverage* -> By offering *different formats or benefits*, extensions can reach new customer segments (e.g., chewable Tylenol for children). Tide and Coca-Cola have used this strategy to sustain market leadership. Coke Zero is a strong



example -> it targeted men with a low-calorie cola and gained traction through innovative marketing and social media.

- *Revitalise the Brand* -> Extensions can refresh brand image and consumer interest, like Cadillac's CTS and Escalade models transforming the brand from outdated to stylish.
- *Enable Future Extensions* -> A successful extension can pave the way for more. Apple's iPod, for example, boosted its brand and laid the foundation for later hits like the iPhone and iPad.

Despite their potential advantages, brand extension have a number of disadvantages:

- *Consumer Confusion* -> Too many versions of a product can overwhelm or frustrate customers, making it harder for them to choose. Shoppers may default to the original or most recognisable option, especially when faced with excessive variety. Retailers may also struggle to stock all extensions, causing availability issues.
- *Retailer Pushback* -> As product lines grow, shelf space becomes limited. Retailers often reject extensions they view as unnecessary or duplicative. For example, Walmart regularly drops underperforming products to make room for better sellers.
- *Reputational Risk* -> A failed extension can hurt the parent brand's image, especially if the product underperforms. Negative experiences can spill over, as seen with Audi's brand damage from issues with one model affecting others.
- *Sales Cannibalisation* -> Even successful extensions can simply shift sales from the original product, rather than growing the brand overall. This internal competition may be strategic (preempting competitors), but it doesn't always increase total sales.
- *Dilution of Brand Identity* -> Stretching a brand too far across categories can weaken its association with any one product. Brands like Gillette and Coach have faced challenges maintaining a clear image after diversifying too broadly.
- *Loss of Prestige or Meaning* -> Especially for luxury or high-end brands, overextension can lower perceived quality. Gucci, for instance, struggled when its name became attached to mass-market, off-brand products. Recovery required scaling back and refocusing.
- *Missed Opportunities for New Brands* -> Choosing to extend a current brand instead of launching a new one can mean losing the chance to build fresh brand equity. Amazon's Kindle shows how a new brand can create distinct identity and value.

## Understanding how consumers evaluate brand extensions

The success of a brand extension depends largely on *how consumers evaluate it*, especially before any marketing efforts begin. Managers should start by assessing how consumers might react based solely on what they *already know about the parent brand and the new product category*. Under these baseline conditions, four key factors influence whether a brand extension can succeed:



- *Positive Parent Brand Associations* -> Consumers must already have some awareness of the parent brand and associate it with positive qualities. Without this foundation, favourable expectations for the extension are unlikely.
- *Transfer of Positive Associations* -> Consumers should be able to link the parent brand's positive traits to the extension. This is more likely if the extension feels like a good "fit" with the original brand.
- *No Transfer of Negative Associations* -> Any negative impressions of the parent brand must not carry over to the extension. These could harm how the extension is perceived.
- *No New Negative Associations* -> The extension shouldn't introduce new qualities that conflict with the parent brand's image or create concerns in consumers' minds.

If any of these conditions break down, the extension could struggle, or even damage the parent brand's 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*.

To create equity for a brand extension, it's essential that the extension gains enough *awareness and establishes both necessary similarities with competitors (points-of-parity) and meaningful differences (points-of-difference)*. Awareness mainly depends on how the extension is marketed and how strongly the parent brand name is used. A well-known brand makes it easier to build recognition and a favourable image for the new product. Consumers form impressions of the extension based on how *strongly they associate the parent brand with relevant traits, how positive those associations are in the new context, and how unique they are compared to competitors*. Without clear points-of-difference, the extension may seem like just another generic option. For example, PayPal successfully extended into mobile payments by leveraging its reputation for ease of use, brand familiarity, and trust. At the same time, marketers must *reassure consumers that the extension meets basic expectations for the category*. This becomes especially important when the new product is *very different from the original*. Nivea, for instance, had to first establish that its deodorants and cosmetics could perform well before highlighting its brand's signature qualities like "gentle" and "caring." Brand extensions can also affect *how consumers view the parent brand*. If the extension adds relevant and positive associations, it can strengthen the parent brand's image. However, this depends on how clear and relevant the evidence is, how closely it aligns with existing perceptions, and how firmly those perceptions are held. If an extension sends mixed signals or doesn't feel connected to the brand, it can either *confuse consumers or be ignored*. In some cases, it might even *damage* the brand, for example, by introducing a lower-end version that weakens a premium image. To evaluate whether a brand extension is a good idea, marketers can ask key questions such as: Does the parent brand have strong equity? Is there a logical fit? Will the new product stand

1. Define actual and desired consumer knowledge about the brand (e.g., create a mental map and identify key sources of equity).
2. Identify possible extension candidates on the 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.



out while also meeting category standards? Will it enhance or hurt the brand? To support this evaluation, tools like the Brand Extendibility Scorecard offer a more structured approach, helping marketers prioritise and compare extension ideas based on factors like *consumer appeal, company fit, competitive landscape, and potential brand impact*.

**Vertical brand extensions** -> Vertical brand extensions allow companies to reach *new consumer segments by moving a brand either upmarket (more premium) or downmarket (more value-oriented)*. These extensions can boost brand image, offer variety, and revitalise the brand, but they also carry risks. Moving into new price tiers can confuse consumers, dilute the brand's image, or even cannibalise sales from the original product. For instance, a downward extension may attract a broader audience but also associate the brand with lower quality. However, research shows that positive effects from high-quality upward extensions often outweigh the harm of lower-quality downward ones. Companies use strategies like *sub-branding or creating entirely new brand names to manage these risks*, as seen with Toyota's Lexus and Gap's Banana Republic and Old Navy. In the tech world, the "*freemium*" model, offering a basic product for free and upselling premium versions, serves as a kind of vertical extension, with examples like Dropbox. Successful vertical extensions differentiate themselves clearly, remain *consistent with core brand values, and avoid undermining the parent brand*. For example, Mambo expanded its reach by offering budget-friendly products at Big W in Australia while keeping its more premium and controversial items exclusive, protecting its original brand equity.

## Evaluating brand extension opportunities

Academic research and industry experience have revealed a number of principles governing successful brand extensions.

- Positive parent brand associations and strong perceived fit are crucial for extension success.
- Fit can be based on product attributes, usage situations, or target users.
- Consumers assess fit through technical commonalities or more surface-level similarities.
- High-quality brands can extend further than average ones, but all have boundaries.
- Brands seen as category prototypes are harder to extend outside their category.
- Concrete attributes are harder to extend than abstract benefits.
- Positive associations may turn negative in a new context.
- Consumers may infer negative traits even from seemingly positive ones.
- Extensions into categories that seem "easy to make" can face skepticism.
- Successful extensions enhance the parent brand and pave the way for more.
- Unsuccessful extensions only hurt the parent brand when fit is perceived to be strong.
- A failed extension doesn't block a company from pivoting to a better-aligned one.
- Vertical extensions are challenging and usually require sub-branding.
- Best advertising strategy: focus on the extension's value, not just the parent brand.
- Consumer personality can influence how they judge extensions.
- Cultural differences matter—extension success can vary by market.



To develop a successful brand extension strategy, marketers must first define the *actual and desired consumer knowledge* about the parent brand. It's essential to understand how consumers currently perceive the brand, including the strength, favourability, and uniqueness of its associations. This helps identify the *core benefits* that the brand delivers and its *positioning in the market*. Additionally, knowing where marketers want to take the brand in the long term is crucial, as introducing a brand extension can significantly alter the brand's meaning and impact consumer responses in the future. The next step is to *identify possible extension candidates*. Marketers should focus on products and markets that *align with the parent brand's image and core associations*. To find these opportunities, *consumer research and brainstorming* can help. Consumer insights are valuable because they reflect how well the parent brand's associations connect with potential new products. For example, Allegra, known for allergy medication, successfully extended its brand to products like anti-itch relief by leveraging its association with health and wellness. Identifying the right associations is key to finding product categories that would fit with the brand's image. After identifying possible extensions, the next step is to *evaluate the potential of the extension candidate*. This involves assessing, through both research and judgment, the likelihood that the extension will succeed. Consumer factors are critical in this evaluation. Marketers should analyse how strong and unique the associations will be in the context of the extension, and how well the *new product fits with the existing brand*. Understanding consumer perceptions can be achieved through *surveys, focus groups, or concept testing*. For example, consumers might be asked if they think the brand is a good fit for the new product or whether the extension fits with their expectations of the brand. At the same time, marketers need to consider *corporate and competitive factors*. This includes leveraging corporate assets such as marketing resources and consumer loyalty, and also understanding the competitive landscape. A new extension should offer *clear advantages* over competitors, or at least avoid triggering negative reactions from them. Marketers should also assess potential competitive responses. For instance, launching a new product in a competitive market could *spark rival brands to introduce their own extensions, increasing market pressure*. Finally, *category factors* involve assessing the broader product line strategy. Marketers need to determine if adding a new extension to the product line will help expand market coverage or if it could result in unnecessary complexity or cost. Extending a product line can drive market share, but it can also lead to brand dilution or cannibalisation if the new product doesn't align well with the parent brand. Studies suggest that line extensions from strong brands are more likely to succeed, especially if they are supported by strong advertising and come early in a product category's life cycle. Overall, the success of brand extensions often comes down to how well they align with the brand's existing image and how effectively they are managed in terms of consumer perceptions, competition, and internal company resources.



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 maximise the equity of the brand extension as well as enhance the equity of the parent brand. As in 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*. When developing a brand extension, one of the first key decisions involves choosing the appropriate brand elements to carry over from the parent brand. These elements can include not only the brand name, but also *symbols, packaging, logos, and other visual or identity features*. For example, companies like Heinz and Campbell's use packaging designs that maintain a *visual link* to the parent brand while helping distinguish different product lines. However, this creates a *strategic tension*: using similar packaging may *fail to differentiate the extension*, while using a new design might sacrifice a source of the brand's equity. Brand extensions may either retain, modify, or create entirely new brand elements. When designing these elements, marketers should still *adhere to core principles such as memorability, meaningfulness, likability, protectability, adaptability, and transferability*, just as they would when building any brand from scratch. Introducing new brand elements is often necessary to establish *distinctiveness and communicate the extension's specific positioning*, especially when entering a new product category. The relative balance between old and new brand elements impacts how much the parent brand's equity transfers to the extension and how much feedback the extension provides back to the original brand. Creating an *effective marketing program* for a brand extension requires applying the same equity-building principles used for the core brand. *Pricing* should reflect consumer perceptions of value, distribution should integrate both *push (retailer-driven) and pull (consumer-driven) strategies*, and marketing communications should be cohesively integrated. Positioning is particularly important, especially when the extension is not closely related to the parent brand. In such cases, establishing clear and competitive *points-of-parity* is essential to gain credibility, while leveraging any *points-of-difference* from the parent brand can help boost appeal. For example, when Nivea expanded into cosmetics and haircare, it successfully transferred its core association of "gentleness" to the new products. For *line extensions*, marketers often need to create *new associations* that help consumers distinguish the new product from others in the same brand line and reduce potential confusion or cannibalisation. Brand extensions also often benefit from *secondary brand associations* that the parent brand already holds, such as links to other brands, organisations, countries, or even celebrities. While all brand extensions inherently draw on the equity of the parent brand, some may require reinforcing these secondary associations, or establishing new ones depending on the category they enter. The more brand elements are shared and emphasised between the parent and extension, the more likely it is that key brand associations will transfer effectively. Finally, the success of a brand extension should be evaluated not just by its own performance, but also by its *impact on the parent brand's equity*. Marketers can track performance using tools like the customer-based brand equity model, along with



metrics that assess consumer responses to both the extension and the parent brand. A structured approach, such as a *checklist or scorecard*, can support consistent and objective evaluation of how well the extension is meeting brand goals and whether it's strengthening or weakening the overall brand franchise.

## Extension guidelines based on academic research

Brand extensions are more successful when consumers have a *positive perception of the parent brand and see a strong connection or "fit"* between the original and the new product. This sense of fit can be shaped by how people mentally categorise brands. From a *categorisation perspective*, consumers tend to interpret new brand extensions based on whether they fit into a mental category they've already formed. For instance, as Method added new cleaning products, consumers might associate the brand with qualities like modern design and eco-friendliness across its entire range.

If an extension closely matches the original brand category, consumers can easily *transfer their positive attitudes* from the parent brand to the new product. However, when the similarity is less obvious, they rely more on the strength and relevance of specific brand associations, such as quality, uniqueness, or image, to judge the extension. Research confirms that *perceived fit and parent brand quality* are both crucial to how favourably consumers view brand extensions. This general pattern holds true across different cultures, though *cultural differences can affect how strongly these factors influence judgment*. Interestingly, extensions that are only moderately related to the parent brand can sometimes be evaluated even more favourably than highly similar ones, especially when consumers are engaged and the new product lacks strong competition. This suggests that some novelty, if managed well, can boost appeal. Fit doesn't have to be based on product features alone. It can arise from *non-product attributes*, such as prestige or lifestyle. For example, Rolex, known for luxury, can more easily branch into jewellery than a functional brand like Timex. But Timex might perform better in categories tied to precision, like stopwatches or calculators. It's not just about surface-level similarity but also about the *relevance of brand associations to the new category*. Some brands manage to unify very different products under a *common theme*, like Fisher-Price linking toys, bath products, and car seats under the umbrella of "products for children." The idea of *category coherence* -> products that make sense together in context, helps explain these cases. *Context also matters* when consumers assess fit. Evaluations change depending on whether a brand is named (e.g., "Time magazine is like Time books") or described only in terms of categories ("magazines and books"). Consumer confidence in a company's ability to produce the new product also influences judgments.

Fit can be judged based on *supply-side factors* (the brand's manufacturing expertise) or *demand-side factors* (how products are used together). Honda's expertise with small motors supports its expansion into various machinery. In contrast, Colgate extended from toothpaste to toothbrushes not because of manufacturing fit but because they're used together. Sometimes, extensions simply target a similar consumer group, such as Visa expanding into traveler's checks.



How consumers perceive fit also depends on their *knowledge and experience*. Experts judge fit based on technical or functional compatibility, while novices rely on surface cues like packaging or product design. *Age influences this too* -> children often focus on surface features, while adults use deeper category-based reasoning.

Moreover, *consumer mindset and psychology* play a role. People who believe brands can change (incremental theorists) are more open to new extensions than those who see brand traits as fixed (entity theorists). A sense of *personal control* also affects openness -> consumers feeling less in control may be more resistant to mismatched extensions. Even emotional states, like thinking about relationships, can impact how favourably consumers view certain types of brand extensions. In short, perceived fit is complex and shaped by brand associations, consumer knowledge, context, and psychological factors. Successful extensions tap into the right mix of familiarity and novelty, aligning both with what the brand stands for and how consumers think. *High-quality brands tend to have more flexibility in brand extensions* because consumers view them as more credible, knowledgeable, and trustworthy. This trust allows consumers to be more accepting of extensions that don't perfectly align with the original brand, giving strong brands a greater ability to *stretch into new and sometimes unrelated categories*. Emotional attachment also plays a role -> when consumers feel *connected to a brand, they are more willing to pay more for an extension, recommend it, or even overlook its flaws*. Similarly, when a brand evokes strong positive emotions, consumers become less focused on how well the extension "fits" with the original. That said, even strong brands have their limits. There are points beyond which consumers will reject an extension as *implausible or absurd*, highlighting that a brand's identity can become a constraint. For instance, brands that are seen as *too prototypical or tied closely to one category*, like Clorox with bleach, may struggle to expand into adjacent categories. Clorox failed when it tried to move into laundry detergent because consumers still viewed it narrowly as a bleach brand, even though bleach was part of the new product. On the other hand, extensions into categories where the brand's core attribute remains relevant, like household cleaners, were more successful. The *direction of the extension also matters*, as seen in Aunt Jemima's successful move from pancake mix to syrup, while Log Cabin's move from syrup to mix was less effective. This has to do with how consumers perceive the relative importance of each product within the usage occasion. Another key factor is the *nature of brand associations*. Brands tied to very concrete product attributes often find it harder to extend into different categories. These attributes may be *so specific that they don't make sense in a new context*. For example, consumers assumed a Heineken popcorn product would taste like beer and found it unappealing, and they had a similar reaction to the idea of Crest chewing gum. In contrast, more *abstract associations*, like a brand's reputation for innovation or quality, can sometimes apply more broadly. However, this isn't always reliable either. Research has shown that *even abstract attributes don't always transfer cleanly across categories*, especially when the meaning of the attribute changes depending on the context. For example, "durability" means something different for watches than it does for handbags, making it less transferable than expected. Consumers also tend to



*generalise a brand's attributes more easily when moving from a specific product to the overall brand than from one specific product to another unrelated one.* So they're more likely to believe that Sony makes other good electronics beyond TVs than to accept the idea of Sony bicycles. These perceptions are influenced by how *closely the new product fits within the mental category the brand already occupies.* Overall, while strong brands enjoy greater extension flexibility, success depends heavily on consumer perceptions of quality, emotional connection, brand associations, and perceived fit. Even powerful brands face *real boundaries* when moving too far outside their established identity.

Consumers may transfer positive associations from a parent brand to a brand extension, but these associations can *turn negative in a new context.* For instance, Campbell's tomato sauce failed under the Campbell's name because consumers associated it with watery soup, but it succeeded when renamed "Prego." Consumers may also *infer negative qualities from otherwise positive traits.* A handbag extension from a watch brand known for durability was seen as durable but unfashionable. Extensions can also struggle if the new product seems *easy to make*, leading consumers to doubt the need for a premium offering. In contrast, when the product is seen as hard to make, consumers are more open to evaluating quality differences, giving high-quality brands more room to differentiate. Successful brand extensions can enhance the parent brand's image and create *opportunities for further extensions*, even into more distant categories. By shifting brand perceptions or gradually expanding through closely related products, companies can grow the brand's reach. Toyota's Prius not only boosted the brand's image but enabled the launch of a whole Prius family. Consumers are also *more accepting of far-reaching extensions from brands with broader portfolios and consistent quality across product lines.* Unsuccessful extensions typically harm the parent brand only when there's a high perceived fit. A poor-quality shampoo extension can damage a beauty brand, but a failure in a dissimilar category, like tissues, generally has little effect. However, when consumers are highly involved or motivated, *even low-fit extensions can impact brand evaluations.* This is especially true when the extension contradicts key brand image elements. Individual traits also matter: people who think more critically or value prestige may react more strongly to mismatched or low-end extensions. Ultimately, the success or failure of a brand extension depends on perceived fit, consumer motivation, brand image strength, and how associations, both positive and negative, translate across categories.

An unsuccessful brand extension *doesn't necessarily prevent a company from succeeding with future extensions.* For example, Levi's failed with its formal "Tailored Classics" line but later succeeded with "Dockers," which had a better brand fit. Although failures can create perceived limits around a brand, they may also broaden consumer perceptions if they subtly shift the brand concept. *Co-branding allows brands to combine strengths, improving perceptions and performance.* Partnerships between either similar or complementary brands can both be successful. However, when one brand is much more well-known, it may *overshadow* the other, so the less-known brand must manage its positioning carefully.



Vertical brand extensions, those targeting higher or lower market segments, pose unique challenges. *Upscale extensions can raise a brand's perceived price image, while downscale ones can lower it*, though the effect depends on whether consumers are just browsing or planning to buy. *Sub-branding strategies can help protect parent brands*, especially in downward extensions for prestige brands, where exclusivity matters. *Advertising* plays a key role in how extensions are perceived. The most effective strategies emphasise *new information* about the extension rather than relying on the parent brand. Providing *clear details*, especially when fit is low, helps reduce negative associations and improves consumer evaluation. Consumers differ in how they judge extensions. Analytical thinkers focus on attributes, while holistic thinkers consider the brand as a whole. People who see brands as flexible (incremental theorists) are more open to extensions than those who see brands as fixed (entity theorists). Those with interdependent self-construals are more likely to perceive fit in brand relationships, especially when motivated. Additionally, promotion-focused individuals respond more favourably to dissimilar extensions than prevention-focused ones, who tend to see them as risky. *Mood and mindset also affect evaluations*: people in a good mood judge moderately similar extensions more positively. Likewise, *cultural context* matters. Eastern consumers, who think more holistically, perceive higher fit and react more strongly to failed extensions when motivated. Western consumers, with an analytical style, react more negatively when their motivation is low. Cultural congruence also enhances extension success, for example, Sony launching an electric car fits better than Sony launching a coffee machine, given Japan's tech reputation.



### Chapter summary

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 (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 brand 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 favourability and uniqueness of any associations they infer*. The brand 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 affecting the acceptance of a brand extension, as well as the nature of feedback to the parent brand.



### Apple: creating a Tech Megabrand

Apple was founded in 1976 by Steve Jobs and Steve Wozniak as a personal computer company, known initially for products like the Apple II and Macintosh. In the 1990s, the company moved into the laptop market. Its transformation into a *leading consumer electronics brand* began with the launch of the iPod in 2001, followed by the iTunes Store in 2003. This marked Apple's shift toward digital content and broader tech markets, symbolised by dropping "Computer" from its name. The introduction of the iPhone and iPad firmly established Apple as a market leader in smartphones and tablets. Later innovations like the Apple Watch, Apple Pay, and Siri continued this expansion, building a *seamless and integrated ecosystem for users*. By 2017, Apple had become the most valuable public company in the world, with a market capitalisation of \$810 billion and net income of \$45 billion. Apple's consistent focus has been on *quality, innovation, and user-friendly design*. The company's strength lies in its ability to *integrate hardware and software across multiple devices, offering a unified user experience*. This integration is supported by consistent branding elements, such as the iconic Apple logo, distinctive typography, and product names prefixed with a lowercase "i". The influence of Steve Jobs is still deeply embedded in Apple's culture, emphasising excellence and premium appeal. Apple's products have become *status symbols*, known for their sleek design and high price points. The brand has evolved from being a computer manufacturer to positioning itself as a mobile devices and digital services company. Its strategy has been guided by the principle of "*Think Different*," a philosophy that has shaped both product development and marketing. *Ease of use across devices, shared features, and seamless connectivity* are key strengths, reinforcing customer loyalty and engagement. Apple's growth strategy can be understood through the Ansoff Matrix. In existing markets with existing products, Apple drives upgrades by releasing improved versions of its devices annually. To reach new markets with existing products, it introduces lower-cost versions or line extensions, as seen in the iPod series. For new products in existing markets, it offers services like Apple Music and Apple Pay, leveraging its massive user base. When entering new markets with new products, such as its move into software and retail, Apple has succeeded in creating an *interconnected product ecosystem that enhances user value and promotes brand loyalty*. Marketing at Apple emphasises *storytelling and user empowerment*. Instead of relying heavily on traditional advertising, Apple uses inspirational campaigns like "Think Different" and "Shot on iPhone" to connect with audiences *emotionally*. Its pricing strategy reflects a *premium positioning*, often using a high entry price followed by lower-cost variants to capture a broader audience. Apple's retail stores, both physical and online, are also vital to its brand image, delivering *personalised customer experiences* in environments that reflect the brand's aesthetics. Apple's brand architecture is characterised by a *wide range of product lines, each reinforcing the brand's core associations of innovation, reinvention, and exceptional user experience*. The introduction of one product often supports others within the ecosystem, enabling cross-selling and customer retention. For example, the success of the iPhone has driven the popularity of the App Store, iTunes, and other services. Despite its success, Apple faces challenges. Growth in its core product categories—iPhone, iPad, and Mac—is slowing. *Competition is intensifying* from companies like Google, Samsung, Microsoft, and Amazon, all of whom challenge Apple's products in performance, flexibility, and price. The closed nature of Apple's ecosystem and the high cost of its devices can be limiting factors, especially in emerging markets. Additionally, legal battles over design patents and the perception that Apple's operating system is less customisable than Android also pose obstacles. Nonetheless, Apple's strong brand equity, innovative culture, and integrated product strategy continue to drive its global influence and market leadership.

Despite these challenges, Apple's strategy has ensured the growth and success of Apple as a mobile devices company. Interbrand has ranked Apple as *the largest brand in the world with a brand value of \$178 billion*. A key feature of the Apple brand is its *duality*, its ability to appeal both *rationally and emotionally* to its customers. This duality is an outcome of its quality products and well-executed creative advertising campaigns, which have struck an emotional chord with its audience. This, along with its aesthetically pleasing user-interfaces and elegant simplicity, has caused many consumers to develop a *deep emotional connection* (i.e. brand resonance) with their Apple products.



## Chapter 14 - Managing Brands over time

Managing brands effectively is increasingly challenging due to the *dynamic nature of the marketing environment*. External factors such as evolving consumer behavior, competitive actions, regulatory changes, and technological advancements, as well as internal shifts in strategic focus, can significantly influence a brand's performance. To navigate these challenges, brand managers must adopt *proactive strategies* aimed at sustaining or enhancing customer-based brand equity. The contrasting trajectories of once-prominent brands such as Myspace, Yahoo!, Blockbuster, and Barnes & Noble, each eclipsed by more agile competitors like Facebook, Google, Netflix, and Amazon, highlight the *critical role of brand management* in determining long-term success. Poor strategic responses to change often contribute to brand decline. This chapter emphasises the importance of managing brand equity over time by *reinforcing the brand's meaning and adapting marketing strategies to uncover new sources of value*. It discusses how present marketing actions influence future consumer perceptions and responses, and the difficulty marketers face in predicting these future effects. Strategies for *brand reinforcement and revitalisation* are explored, culminating in a case study on Johnson & Johnson's handling of crises involving the Tylenol brand, which offers insights into effective brand crisis management.

### Reinforcing brands

To reinforce brand equity over time, marketers must implement strategies that *consistently communicate the brand's meaning through actions that sustain brand awareness and shape a strong, favourable, and unique brand image*. This involves ensuring that consumers possess knowledge structures that support brand equity. Key considerations include understanding what products the brand represents, the benefits it delivers, the needs it fulfills, and the unique attributes that differentiate it in the marketplace. Brands such as Nutri-Grain and Disney illustrate how *expansion and strategic acquisitions can reinforce brand positioning and relevance*. Nutri-Grain has broadened its product offerings to strengthen its image as a provider of healthy food options, while Disney has leveraged high-profile acquisitions like Pixar, Marvel, and Lucasfilm to sustain its appeal and competitiveness.

The effectiveness of brand reinforcement hinges on *broader strategic elements* such as product development and branding strategy. Three major themes in this context are: (1) the *advantages of maintaining brand consistency*, (2) the *importance of protecting core sources of brand equity*, and (3) the *trade-offs between fortifying existing brand value and leveraging it for growth*.

A dynamic approach is essential, as brands must *continuously evolve*. The case of Coldplay exemplifies successful brand reinforcement through innovative marketing and audience engagement. Despite their prior success, the band treated each album release as a *fresh launch, adapting to the fast-paced entertainment landscape*. For instance, the release of *Mylo Xyloto* involved a global promotional campaign with unique elements such as live-streamed events, viral marketing, and interactive concert experiences. This adaptive strategy contributed to the album's



international success. Coldplay's sustained popularity across multiple albums highlights the importance of *consistently innovative brand management* in achieving long-term success, particularly in industries marked by short-lived consumer attention.

Maintaining brand consistency is fundamental to reinforcing brand equity and involves two primary dimensions: *consistent marketing support and consistent brand associations*. Sustained and strategic marketing efforts are essential to preserving the strength, favourability, and uniqueness of a brand's image. This is particularly crucial for market leaders, where a reduction in support, especially when paired with price increases, can severely impact market position. The case of Delta Faucet illustrates the *risks of diminishing marketing investment*. Once a dominant market leader, Delta lost ground due to changes in consumer purchasing behavior and a decline in brand support, allowing competitors like Moen to gain market share. Although Delta eventually increased its advertising efforts and engaged in creative marketing initiatives, such as experiential campaigns, *recapturing lost share proved difficult*. This example underscores the long-term value of sustained marketing consistency, as demonstrated by enduring brands like Disney, McDonald's, and Mercedes-Benz. However, *consistency does not imply rigidity*. Effective brand management often requires *tactical changes*, such as adjusting pricing, messaging, or product features, to maintain the overarching strategic brand direction. Brands must ensure that these changes *align with and reinforce their core positioning*. A balance must be struck between maintaining consistency and adapting to evolving market dynamics. Patagonia exemplifies successful brand consistency grounded in a clearly defined mission of sustainability and environmental responsibility. Since its founding in 1973, Patagonia has continuously refined its business practices and marketing communications to reflect its core values. Initiatives such as the use of recycled materials, environmental advocacy, transparency in supply chains, and the "Worn Wear" program illustrate how Patagonia has both maintained and evolved its brand positioning. By staying true to its ethos while embracing innovation and collaboration, Patagonia has built *strong trust and loyalty* among its consumer base. In sum, maintaining brand consistency entails preserving the core meaning of the brand while making calculated adaptations that support long-term equity. Brands that succeed in doing so, like Patagonia, effectively navigate the *balance between tradition and innovation*, reinforcing their relevance across generations.

**Brand Flashbacks** -> Heritage brands can effectively *leverage their past to craft impactful and emotionally resonant marketing campaigns* through strategies such as *retro-branding, nostalgia marketing, and retro-advertising*. These approaches often involve reviving iconic advertising themes or brand characters in modern contexts, thereby reinforcing existing brand associations that may be difficult to replicate through new campaigns alone. For instance, KFC reintroduced Colonel Sanders with a contemporary twist, highlighting the brand's Southern roots while modernising its image. Nostalgia can serve as a powerful point of differentiation, especially when it reflects a *brand's heritage, expertise, and longevity*. Celebratory moments, such as *anniversaries and milestones*, provide ideal opportunities to launch campaigns that blend a brand's historical



significance with its future promise. Oreo's 100-year anniversary campaign is a notable example, combining nostalgic elements with a playful "Twist, Lick, and Dunk" theme and interactive global marketing initiatives. The campaign significantly boosted consumer engagement and sales, demonstrating the effectiveness of well-executed nostalgic advertising. Empirical research supports the positive influence of nostalgic advertising on consumer attitudes and brand perceptions. *Intergenerational influence* further strengthens this effect, as consumers often inherit brand loyalties and preferences from previous generations. A prime illustration of nostalgia-driven success is Pokémon GO, which capitalised on millennials' childhood memories, leading to its widespread popularity. Brands also use nostalgia to *reconnect with lapsed users*. Kraft Macaroni and Cheese employed a campaign centered on adult consumers, using the tagline "You Know You Love It" to evoke emotional connections from childhood. Similarly, Pabst Blue Ribbon (PBR) *revitalised its brand by aligning with a new audience*, urban youth seeking authenticity. Rather than traditional advertising, PBR employed grassroots tactics such as event sponsorships and merchandise to build a brand image shaped largely by its consumers. This approach successfully reignited interest in the brand and paved the way for the revitalisation of other legacy beer labels. In essence, nostalgia marketing can *rejuvenate brand equity by drawing on a brand's rich history while remaining relevant to contemporary audiences*. When managed thoughtfully, heritage can become a valuable strategic asset, enhancing emotional resonance and reinforcing long-term consumer loyalty.

**Protecting sources of brand equity** -> Protecting and preserving brand equity is a fundamental responsibility for marketers, particularly in the face of evolving consumer behavior, competitive pressures, or organizational changes. While exploring new sources of brand equity can be beneficial, maintaining the strength of existing brand assets remains a critical priority. Strategic consistency helps safeguard a brand's positioning unless circumstances necessitate reevaluation. Brands are *vulnerable to crises*, ranging from product failures to ethical transgressions, that can severely damage their reputation. Case studies such as Volkswagen's 2015 diesel emissions scandal and Toyota's 2009 recall crisis illustrate how *brand perception can be negatively affected by such events, especially when amplified by social media*. In Volkswagen's case, sentiment analysis using Twitter data showed that while consumer sentiment was highly negative at the outset, it gradually stabilised. This underscores the importance of *effective crisis management strategies*. Research has shown that two key principles, **swiftness** and **sincerity**, are essential for successful brand recovery. A rapid response minimises reputational damage, while sincere communication, including acknowledgment of fault and transparent corrective actions, helps rebuild trust. Consumer reactions to brand crises vary based on brand personality and the strength of their relationship with the brand. *Sincere brands may suffer more* when trust is broken. However, loyal customers not directly affected may defend the brand through a phenomenon known as **counter-argumentation**, wherein they rationalise or downplay the crisis. Conversely, when loyal consumers are directly impacted, the sense of betrayal can lead to stronger backlash.



Crises can also impact associated or parent brands, particularly in cases involving brand extensions. Despite their damaging potential, well-handled crises can serve as opportunities to strengthen brand relationships. Examples such as Tylenol’s crisis recovery demonstrate that appropriate responses, such as apologies or compensation, can *lead to increased consumer goodwill*. In conclusion, managing brand equity requires vigilance, especially in crisis scenarios. Marketers must balance innovation with the preservation of core brand values, responding effectively to threats while reinforcing consumer trust and long-term brand strength.

RECOVERY APPROACH	WHAT IS IT?	RECOVERY APPROACH	WHAT IS IT?
<b>Apology and admission</b>	Accepting responsibility for scandal or crisis	<b>Bolstering brand image</b>	The bolstering response involves companies countering the negative publicity with some positive publicity
<b>Not Just me</b>	This response is useful to provide consumers with the big picture regarding why the transgression may not be limited to only a single brand	<b>Downplaying the crisis</b>	Downplaying the crisis involves explaining the reasons or mitigating factors for a crisis and trying to downplay the damage from the incident itself. Sometimes this may involve finger-pointing and blame shifting
<b>Limit damage</b>	When there is no way of avoiding the scandal entirely, some companies try to limit the damage to certain makes, models, products, or to a given geographic region.	<b>Counterattack or attack the accuser</b>	A brand or company could undertake an offensive attack against the accuser, with a view to discrediting the source of negative information.
<b>Flat-out denial</b>	Categorically denying that the scandal is true		

In managing brand equity, marketers must carefully balance two fundamental strategies: **fortifying** (strengthening) and **leveraging** (capitalising on) brand equity. While leveraging involves drawing immediate financial value from existing brand equity, such as cutting advertising costs, increasing prices, or introducing numerous extensions, over reliance on this approach risks depleting the brand’s long-term value. Fortifying brand equity, on the other hand, requires ongoing investments to maintain brand awareness, enhance associations, and ensure continued relevance to consumers.

**Fine-tuning the marketing program** is often necessary, though changes should only be made when existing tactics are no longer effective in reinforcing brand meaning. The appropriate strategy depends on the nature of the brand's associations:



- **Product-Related Performance Associations** -> For brands defined by product performance, *continuous innovation* is essential. Advancements in product design, features, and delivery can reinforce brand equity. Companies like Progressive and Wilson have succeeded by leading in innovation. Conversely, firms like Smith Corona and Blockbuster failed due to an *inability to adapt to industry shifts, demonstrating the risks of stagnation*. However, innovation must be balanced to *preserve brand identity*. As illustrated by the backlash against New Coke, even improvements can alienate loyal customers if they compromise perceived product authenticity or arrive at poor timing.
- **Non product-Related Imagery Associations** -> Brands centered around symbolic or experiential attributes must stay *culturally and socially relevant*. Changes to user imagery or brand storytelling, such as new advertising campaigns, can help sustain engagement. Nevertheless, *frequent or inconsistent repositioning can dilute brand clarity*. The cases of Heineken and JCPenney highlight the dangers of inconsistent messaging or dramatic shifts that conflict with consumer expectations. JCPenney's failed attempt to shift from a discount-driven model to an everyday low pricing strategy, along with store redesigns, alienated its core customer base and ultimately damaged its brand image. Despite reversing the strategy, the brand continues to struggle to regain lost equity.

Repositioning efforts must therefore be *strategic, credible, and compelling*, especially when aiming to transform long-held brand perceptions. Strong associations can be resistant to change, and without a persuasive narrative, repositioning may fail to resonate. In summary, effective brand management requires a *sustained commitment to reinforce brand equity through consistent, well-aligned marketing programs*. While tactical elements may evolve, key brand associations must be preserved or carefully redefined. Innovation and consumer relevance are central to long-term brand success, as illustrated by both cautionary failures (e.g., Yahoo!, Blockbuster) and successful transformations (e.g., Burberry). Marketers should regularly assess their brand strategies with the guiding question: *What have we done to make our brand more relevant today than yesterday?*

## Revitalising brands

Numerous once-prominent brands have experienced decline, yet several, such as Microsoft, GE, and Old Spice, have successfully revitalised their market positions through strategic repositioning. Brand revitalisation often involves either *returning to foundational values or redefining brand meaning to recapture consumer interest*. Successful turnarounds typically require substantial, not incremental, changes to restore brand equity and relevance. The initial step in revitalisation is a *thorough assessment of the brand's equity sources*, including brand awareness, associations, and consumer-brand relationships. A *comprehensive brand audit* may be necessary to evaluate the current state of the brand and inform strategic direction. Marketers must determine whether to *retain or alter the brand's positioning* based on desirability, feasibility, and competitive



differentiation. Revitalisation strategies range from *conservative "back-to-basics" approaches to complete reinvention*. Harley-Davidson exemplifies a successful return to core values, improving product quality and expanding customer engagement through targeted marketing, merchandise diversification, and inclusive community initiatives like the Harley Owners Group. This strategy broadened its customer base and helped the brand recover from past performance and quality issues. Conversely, Mountain Dew illustrates a brand that underwent significant reinvention. Originally positioned with a rural image, it transitioned to a high-energy, youth-oriented brand through action-sports marketing, edgy advertising, and product innovations. Notably, Mountain Dew leveraged digital marketing, crowdsourcing through its “Dewmocracy” campaign, and e-sports sponsorships to maintain relevance among younger consumers.

Burberry provides an example of a hybrid revitalisation strategy. Once considered outdated, the brand reemerged by blending contemporary fashion trends with traditional brand elements. It revitalised its product line, refreshed its advertising, and embraced digital platforms, eventually achieving significant growth. However, Burberry later faced challenges of overexposure and counterfeiting, prompting a recalibration toward exclusivity and high-end offerings, with continued success driven by strong digital engagement and expansion into emerging markets.

Overall, brand revitalisation requires a *deep understanding of brand equity, a flexible strategic approach, and consistent innovation to restore and sustain brand relevance in dynamic markets*.

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, favourability, 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 favourable responses and greater brand resonance*. Tactically, we can refurbish lost sources of brand equity and establish new ones in the same three ways we create sources of brand equity to start with: by changing brand elements, changing the supporting marketing program, or leveraging new secondary associations.

When a brand *starts to fade*, the issue often lies not in whether consumers recognise it, but in how broadly they think about it. The *problem isn't depth of awareness*, people might still recall or recognise the brand, but rather the *narrowness of the contexts in which it comes to mind*. To rebuild brand equity, companies should aim to broaden this awareness by encouraging more *varied and frequent use of the brand*, rather than trying to overhaul its image or positioning. A good starting point is to *increase how often consumers use the brand*. This is generally more achievable than trying to increase how much they use it at once, except perhaps in the case of



impulse buys like snacks or soft drinks. Encouraging frequent use is especially effective for category leaders. There are two ways to do this: either find *more situations* where the brand could be used in the same way, or *uncover completely new and different applications*. To find more usage occasions, marketers can focus on *communicating the advantages of using the brand more often*, whether in current scenarios or new ones. They should also aim to remind consumers to use the product when it's most relevant. A classic example of this approach is V8's "Wow! I Could Have Had a V8" campaign, which served as a *simple top-of-mind reminder*. Sometimes, more creative prompts are needed to combat the tendency of consumers to restrict brands to certain types of usage. Some brands are seen as *only suitable for special occasions*, and breaking out of that box can significantly increase their usage. Chobani Greek Yogurt provides a strong example of how to broaden usage while staying true to core brand values. After establishing itself as a healthy and tasty yogurt alternative, Chobani launched new products like Chobani Flip, which positioned yogurt as an afternoon snack. They also used *social influencers* to promote creative recipes, such as smoothies using Chobani products. This campaign generated significant online engagement and an impressive return on investment. The key to its success was that Chobani maintained its brand association with health while encouraging consumers to find new ways to use its products. Another tactic for increasing use involves *addressing the gap between how much consumers think they use a product and how much they actually do*. This can be tackled by tying product replacement to seasonal events, like Oral-B did with toothbrush promotions during daylight saving time. Alternatively, brands can provide *better information to help consumers track when a product needs replacing*, for example, power indicators on batteries or color-fade strips on razors. Simply *improving product design and convenience* can also lead to more frequent usage. The second approach is to *uncover entirely new and different uses for the product*. This has long been popular in the food industry, where brands share recipes to inspire novel uses. Arm & Hammer baking soda is perhaps the most iconic example. Originally a baking ingredient, it found new life as a deodoriser and cleaning agent. Other brands followed suit: Clorox bleach is promoted for odor control, Wrigley's gum as a smoking alternative, and Tums as a calcium supplement. Sometimes these new uses are supported by *packaging innovations* that make the product more *suited to different contexts*, such as Arm & Hammer's "Fridge-Freezer Pack." Coach offers another perspective on how to expand usage. The brand encouraged women to buy more handbags by offering a wide range of styles for different occasions, promoting the idea that handbags could be a wardrobe update, much like shoes. This strategy paid off initially, even during economic downturns. Coach introduced lower-priced products without damaging its brand image, through strategic research and careful cost control. However, over time, the brand struggled with issues from over-expansion and excessive discounting, which diluted its luxury appeal. In response, Coach introduced higher-end lines, reduced flash sales, and focused on better-quality offerings to rebuild its premium status. Overall, expanding brand awareness isn't just about getting consumers to recognise your name; it's about getting them to think of your brand in a broader range of situations. Whether by reinforcing existing use cases or uncovering



entirely new ones, the goal is to make the brand *more relevant in consumers' daily lives*, while still preserving what makes it unique.

Brand revitalisation often requires more than just increasing brand awareness, it typically involves *reshaping the brand image to strengthen, improve, or create new associations*. This may mean reinforcing positive ones, removing negative ones, and introducing fresh, appealing attributes, all while carefully defining the target market and competition to set a clear frame of reference.

Marketers have four main target segments for revitalisation:

- *retaining existing vulnerable customers*
- *winning back lost customers*
- *tapping into overlooked segments and identifying neglected segments*
- *attracting entirely new customers.*

But there's a strategic order to this. Chasing new customers first can backfire, potentially losing loyal ones without gaining new ones, as seen with Talbots and Uniqlo when they tried to drastically shift their image and confused their core base. It's often smarter to first *stabilise the existing customer base and gradually build out from there*. Campaigns like Kellogg's "Try Them Again for the First Time" serve as gentle reminders to reconnect former users with familiar products. Identifying neglected segments is the next best option, often using demographic or psychographic segmentation. However, targeting completely new markets requires a serious investment and a calculated risk, as illustrated by brands like HSN and Tommy Hilfiger. Tommy Hilfiger, for example, had to reinvent itself after losing relevance. It moved away from its edgy, urban image and returned to its preppy roots, tailoring product offerings for international preferences and striking an exclusive deal with Macy's. This rebranding, paired with innovative digital experiences and inclusive product lines (like clothing for children with disabilities), helped reestablish the brand and even led to its \$3 billion acquisition. *Repositioning is often necessary to stand out or fit in*, either by strengthening points of difference or establishing points of parity. Established brands frequently need to modernise themselves to stay relevant, often by updating their products, promotions, packaging, or brand personality. Clorox, for instance, kept itself fresh by creating a mobile app aimed at busy parents, giving stain-fighting tips in an accessible, family-friendly format. Sometimes, even *brand elements must change*. While names are hardest to alter, brands like Federal Express (now FedEx) and Kentucky Fried Chicken (now KFC) shortened their names to reflect evolving strategies and consumer perceptions. KFC, while updating its image with healthier offerings, kept Colonel Sanders as a nostalgic link to its heritage. Yet even these changes can be controversial, as seen when franchisees sued over KFC's shift away from fried chicken. In short, revitalising a brand is a *complex process involving strategic targeting, repositioning, and sometimes updating brand elements*. The key is balancing modern relevance with brand authenticity, evolving without alienating the loyal base.

## Adjustments to the brand portfolio



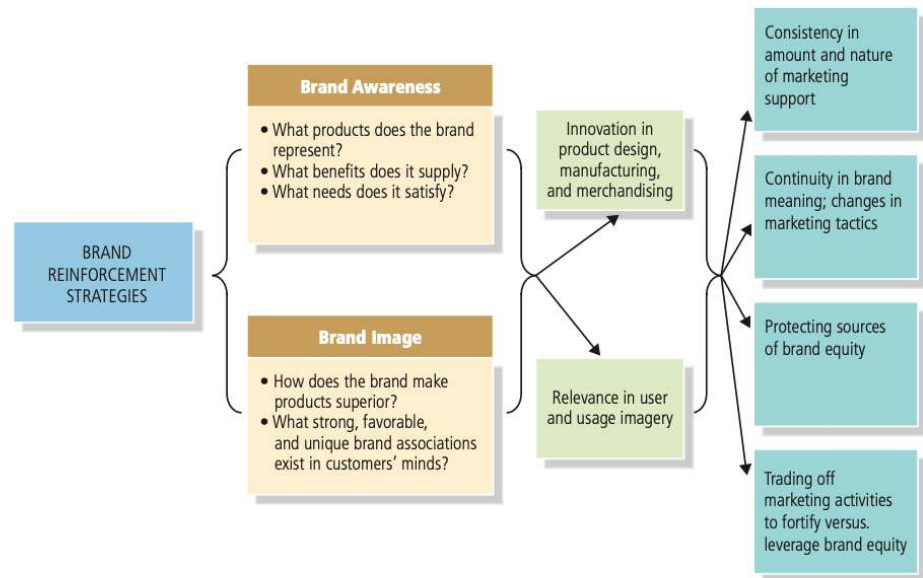
Managing brand equity and a portfolio of brands requires a *long-term perspective*. It's not just about keeping a brand alive, it's about understanding *how different brands work together*, how consumers relate to them over time, and when to update or let go. Sometimes, a brand refresh simply means reorganising or simplifying the brand's structure. For example, when Pantene's sales dipped during the 2008 recession, P&G didn't just add new products, they conducted advanced R&D, cut one-third of the product line, and reorganised it by hair type to better meet consumer needs.

**Brand migration** is another key strategy. As consumers grow or their preferences change, brands must *evolve with them*. This is especially important in *tech-driven industries*. Clear, logical brand structures, like BMW's 3-, 5-, and 7-series, help consumers move between offerings without confusion.

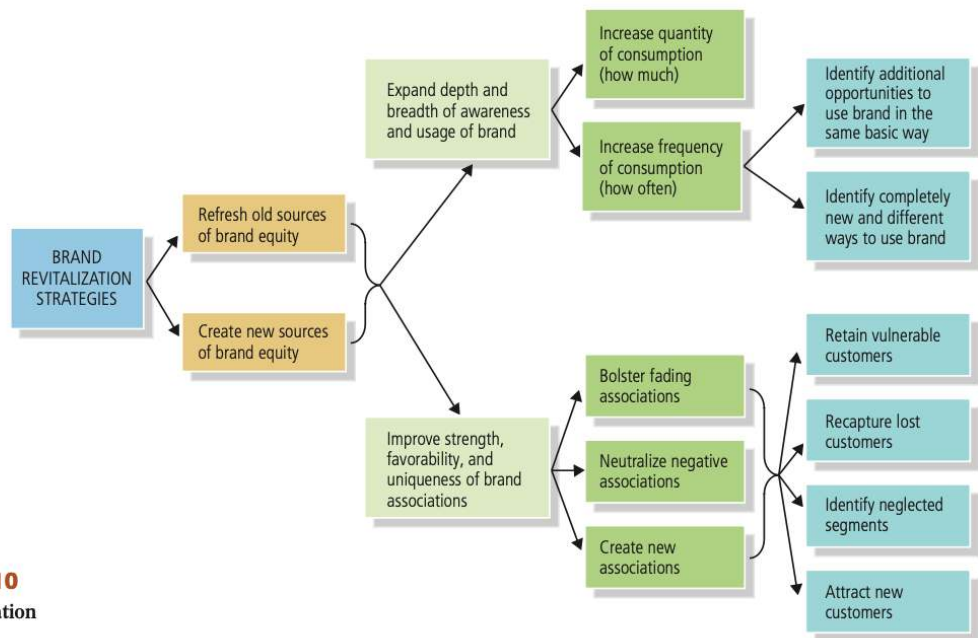
Attracting new customers is always a *balancing act*. While retaining existing customers is generally more profitable, companies still *need to appeal to younger consumers or new segments*. This is tricky because younger generations often have *very different values*. Brooks Brothers, for instance, managed to maintain loyalty among older customers while appealing to younger ones by launching trendier sub-brands and partnering with Nordstrom.

**Retiring brands** is sometimes necessary. When brand equity fades or associations become negative, companies might *cut back on product variations to focus on profitable items*. If there's still a loyal niche, they may "milk" the brand without much marketing. Some brands, called **orphan brands**, are left with minimal support but still survive thanks to loyal fans. Hershey's Take 5 is a good example: initially dropped, it came back with refreshed packaging and a focus on Millennials. Brands can also be *sold or discontinued if they no longer fit a company's vision*. P&G sold Covergirl and Duracell to focus on more profitable segments. Toyota discontinued Scion when it failed to connect with Millennials, despite its original goal of being a youth-oriented brand.

**Obsoleting products**, deliberately discontinuing outdated ones, is especially important in fast-moving markets. Blackberry and Kodak both struggled because they failed to keep up with new technologies. Their reluctance to move quickly enough gave competitors like Apple and Fuji the upper hand. In the end, managing a brand portfolio is about *value*. If a brand no longer contributes to a company's growth or image, it may be better to let it go, just like weeding a garden so the healthiest parts can thrive.



**FIGURE 14-9**  
Brand Reinforcement Strategies



**FIGURE 14-10**  
Brand Revitalization Strategies

**Chapter summary**

Effective brand management involves taking a *long-term perspective*, recognising that changes in marketing today can impact brand equity and future marketing success. To maintain strong customer-based brand equity, marketers must proactively adapt to both *external environmental shifts and internal strategic changes*.

*Reinforcing brand equity* centres around *consistent brand messaging*, what the brand stands for, what needs it satisfies, and what makes it unique. While consistency is key, *tactical changes* may be necessary to stay aligned with the brand's strategic direction. The goal is to preserve key *points-of-parity and points-of-difference* in consumers' minds.

The type of brand associations determines the approach:

- For *product-related* brands, innovation in design and merchandising is critical.
- For *symbolic or experiential* brands, staying relevant in user imagery is essential.

Managers must balance between:

- *Fortifying the brand* to maintain long-term equity.
- *Leveraging the brand* for short-term financial gain.

Overusing the brand without reinforcing it can weaken awareness and image, eventually eroding equity.

Revitalising a brand involves:

- *Expanding brand awareness* (depth and breadth).
- *Enhancing brand image* by strengthening or reshaping brand associations.

When revitalising, it's often more effective to target *existing or lapsed customers* before attempting to capture entirely new



## Responding to a brand crisis

Tylenol began as a child-safe alternative to aspirin, introduced by McNeil Laboratories and later acquired by Johnson & Johnson (J&J) in 1959. Marketed initially through physicians as a gentler option for pain relief, Tylenol gained popularity over time. By 1982, thanks to direct consumer advertising and the successful launch of Extra-Strength Tylenol, it had become the leading pain reliever in the United States, capturing 37 percent of the market and contributing significantly to J&J's profits. However, in October 1982, the brand faced a *severe crisis* when seven people in the Chicago area died after consuming Tylenol capsules laced with cyanide. Although the contamination was criminal in nature and occurred outside of the company's control, the public's trust in the brand was deeply shaken. Experts believed the *damage to the brand was irreversible*. J&J's swift, transparent, and consumer-focused response became a textbook example of crisis management. The company *halted advertising, issued nationwide alerts, cooperated with authorities, and voluntarily recalled 31 million bottles of the product*. It monitored public sentiment through ongoing research and engaged consumers by offering capsule-for-tablet exchanges and later, reintroduced capsules in new, tamper-proof packaging. A *robust media campaign* led by a trusted company doctor emphasised the brand's longstanding reliability and commitment to safety. This effort was supported by one of the largest *couponing campaigns* in commercial history. By early 1983, just months after the crisis, Tylenol had nearly regained its former market share, a remarkable turnaround credited to J&J's decisive actions and the trust consumers had built in the brand over time. Following this recovery, Tylenol expanded into other product lines, such as cold and flu remedies and children's medications, eventually becoming a billion-dollar brand and a market leader in over-the-counter pain relief. Still, challenges arose again in the 1990s, when concerns emerged over liver damage associated with acetaminophen overdoses. J&J faced criticism for not being more transparent about the potential dangers of the product, especially regarding dosage and labelling. These issues were compounded by a series of self-inflicted quality control crises between 2009 and 2011. Recalls involving bacterial contamination, chemical odours, and inconsistent ingredient levels resulted from cost-cutting measures and lapses in manufacturing oversight. The company's handling of these incidents, including delayed reporting and a covert recall strategy, drew harsh criticism from federal regulators and damaged its public image. These missteps cost J&J over a billion dollars in lost sales and eroded consumer trust that had taken decades to build. Ultimately, the company's CEO stepped down amid the fallout. Despite all these setbacks, the Tylenol brand retained considerable value. As of 2013, it remained a trusted name among consumers and continued to generate significant sales, although it had fallen to fourth place in the analgesic tablet market behind private labels, Advil, and Aleve. Its enduring strength lies in the brand equity built over decades and the consumer trust that, while challenged, has proven resilient through multiple crises.



## Chapter 15 - Managing brands over geographic boundaries and market segments

This chapter explores how to *manage brand equity across diverse market segments*, both within the U.S. and globally. It begins by examining regional, demographic, and cultural differences in the U.S. market, with a special focus on millennials due to their unique traits and marketing importance. The chapter then shifts to *international branding*, discussing why brands expand into global markets and the key considerations in developing a global brand strategy. It weighs the benefits and challenges of a standardised global marketing approach and delves into strategic and tactical issues for building global customer-based brand equity, structured around the “*Ten Commandments of Global Branding*.” Real-world examples, including Coca-Cola and the Chinese market, are used to illustrate these global branding principles.

### Regional market segments

**Regionalisation**, though seemingly at odds with globalisation, has gained importance due to the availability of *detailed consumer data from both online and offline sources*. Tools like *geo-targeting* on platforms such as Facebook and Google, along with syndicated data from firms like AC Nielsen, allow marketers to *tailor products and pricing to specific regional preferences*, making brands feel more relevant to individuals. However, regional marketing can *increase costs, reduce efficiency, and potentially dilute a brand's national identity*, though it often results in greater impact. AC Nielsen's Spectra is a key tool enabling this targeted approach. It combines consumer purchase data, retailer data, and census information to segment the population by lifestyle and behavioral stages. These segments help brand managers understand where their consumers live, what they buy, and how best to reach them. For example, Spectra can highlight high-potential consumer groups, such as older bustling families, who despite representing only 10% of households, spend significantly more than average. Brand managers can use Spectra to identify which segments to focus on, assess brand loyalty, uncover underserved markets, avoid internal brand overlap, and find opportunities for co-branding. It also enables highly specific targeting of stores and regions for promotions, helping brands *customise messages and offerings to different geo-demographic segments*.

### Other demographic and cultural segments

Marketing strategies often target specific market segments based on characteristics like *age, income, gender, ethnicity, and psychographics*, all of which influence shopping behaviours and brand attitudes. Marketers must weigh the costs and benefits of customising marketing efforts for these segments versus adopting a broader, less targeted approach.

**Marketing Based on Age:** Millennials, born after 1980, are an important demographic for marketers due to their unique traits. Companies, such as Campbell's Soup, have developed campaigns specifically targeting this group.



**Marketing Based on Ethnicity:** Ethnic groups have distinct preferences, and tailored marketing can be highly effective in resonating with them. For example:

- **African Americans:** Despite being often targeted through general marketing campaigns, African Americans have unique preferences shaped by culture, religion, and community. Marketers must avoid stereotypes and focus on *relevance, recognition, and respect*. Ad spending targeting African Americans grew significantly between 2011 and 2015.
- **Hispanics and Latinos:** This group, including Spanish- and Portuguese-speaking individuals, responds positively to culturally relevant advertising. For example, Toyota's campaign featured car owners with personalised nameplates, reflecting Hispanic traditions. Hispanics are also *highly engaged in social media*, especially Facebook. Despite their engagement with digital media, the market remains underserved, with many brands failing to reach them effectively.
- **Asian Americans:** This rapidly growing group is known for its strong focus on marriage, parenthood, and career success. Brands like Costco and Toyota have developed campaigns tailored to this segment. Asian Americans are also heavy users of internet devices.

**Challenges of Ethnic Marketing:** While ethnic marketing can be effective, it can also backfire. Targeting specific groups may alienate other consumers or reinforce *feelings of exclusion* among the targeted group. Additionally, ethnic-focused campaigns might unintentionally distance consumers who don't identify with the segment being targeted.

## Global branding

We now focus on answering the following 3 questions:

1. Why should a brand focus on global markets? What are the advantages and disadvantages of expanding internationally?
2. What is the definition of a global brand? What are some factors which contribute to global brand equity?
3. What are some pros and cons of standardising versus customising brand offerings? How should a brand effectively customise various aspects of marketing mix?

### Marketing to ethnic groups

Verizon successfully connected with African Americans through its "How Sweet the Sound" gospel music festival, which *resonated deeply with the community* and led to a 14% sales increase in participating cities. CoverGirl also found success by offering makeup shades tailored to African-American skin tones, reinforcing the importance of *highlighting ethnicity in marketing to this audience*. For Hispanic and Latino consumers, Buchanan's Whisky launched the "Es Nuestro Momento" campaign with Latin music star J Balvin. The campaign focused on cultural pride and empowerment, effectively connecting with the values and identity of this demographic. Toyota targeted Asian Americans by featuring popular actor Lee Min Ho in a web series called *The One & Only*. This approach appealed to Chinese, Vietnamese, and Korean immigrants, who associated the Camry with being "smart" and attractive, qualities embodied by the celebrity and aligned with their aspirations.



Many global brands like Apple and Coca-Cola are expanding internationally due to slow domestic growth, increased competition, and better profit opportunities abroad. Global marketing also allows for cost savings, risk diversification, and better service to mobile global customers. The main reasons for expanding internationally are:

- *Perception of slow growth and increased competition in domestic markets*
- *Beef in enhanced overseas growth and profit opportunities*
- *Desire to reduce costs from economies of scale*
- *Need to diversify risk*
- *Recognition of global mobility of customers*

The main advantages of global marketing comprehend:

- *Economies of Scale* -> Cost efficiencies in production, distribution, and marketing due to high volumes.
- *Lower Marketing Costs* -> Using one brand name and consistent advertising worldwide reduces expenses.
- *Power and Credibility* -> Global presence enhances brand reputation and status. A global brand profile can communicate credibility
- *Consistency in Brand Image* -> A unified image across countries appeals to globally mobile consumers.
- *Faster Market Entry* -> Good ideas can be quickly replicated in new markets. Not having to develop strictly local versions speeds a brand's market entry.
- *Simplified Coordination* -> Easier to manage and control marketing efforts globally. A standardised global marketing program may simplify coordination and provide greater control of communications in different countries

On the other hand, there are also several disadvantages:

- *Cultural and Consumer Differences* -> Needs, behaviours, and product use vary by country, risking ineffective marketing. -> *Example*: Krispy Kreme adapted its approach in the UK by promoting doughnuts as a shareable treat instead of breakfast -> strategies that work in one country may not work in another.
- *Branding Challenges* -> Language and cultural context can affect brand name perception. Sound systems that differ across dialects can make a word problematic in one country but not another. Cultural context is key.
- *Different Responses to Marketing Mix* -> Ad styles and consumer attitudes toward ads vary. Social media use and promotional effectiveness differ across regions.
- *Product & Market Differences* -> Products may be at different lifecycle stages in each country. *Example*: Tide adapted for India's low washing machine use and local scent preferences. This



example highlights the importance of understanding the stage of development of a given product category prior to launching a global brand. Moreover, the perceptions and positions of particular brands may also differ considerably across countries, based on local market conditions. For example, McDonald's and KFC are regarded as inexpensive fast food restaurants in the United States, but in India and China they have a premium positioning. The nature of competition may also differ, and brand managers must be prepared to reexamine their competitive positioning carefully for each country and devise a plan to account for unexpected rivals in the marketplace.

- **Legal Barriers** -> Advertising laws, media restrictions, and data privacy vary greatly.
- **Distribution & Media Differences** -> Availability and cost of media and retail channels vary.
- **Internal Resistance** -> Local managers may oppose centralised strategies due to loss of autonomy or cultural misfit.

While global marketing offers cost and brand image benefits, success often depends on balancing standardization with necessary local adaptations to meet diverse market conditions and consumer expectations.

#### Key insights regarding global brand strategies based on research

1. **Individual vs. Group Orientation** -> In independent cultures, consumers use brands to express personal identity. In interdependent cultures, consumers choose brands that reinforce social bonds. *Example:* Harley-Davidson fosters community in Japan (an interdependent culture) despite its rugged, individualistic image.
2. **Power Distance and Brand Status** -> High power distance cultures value hierarchical distinctions; consumers prefer high-status brands (e.g., Mercedes, Armani) to signal social rank. Horizontal cultures emphasise equality; consumers may prefer unique but non-status brands (e.g., Hollister).
3. **Cultural Symbolism of Brands** -> Some brands (e.g., Budweiser, Levi's) are strongly associated with specific cultures. Consumers with strong cultural identification or when feeling culturally threatened may prefer these symbolic brands. Cultural symbolism also affects reactions to bilingual advertising.
4. **Brand Personalities Differ by Culture** -> Consumers attribute personality traits to brands that align with cultural norms. *Examples:* "Ruggedness" in the U.S., "peacefulness" in Japan, and "passion" in Spain.

Conclusion: Cultural dimensions, such as individuality, social hierarchy, cultural identity, and personality preferences, profoundly shape how consumers relate to brands, with critical implications for global brand strategy.

## Strategies for creating and managing global brands

The process of building **global brand equity** involves adapting familiar brand-building principles, such as those outlined in previous discussions on brand resonance, for international markets. Before diving into strategy, it's important to clarify what constitutes a global brand. Most experts agree that a successful global brand typically generates **at least 50% of its revenue from**



**outside its domestic market**, and its future growth largely comes from these international markets. To create strong global brand equity, companies must focus on several key objectives in *each market* they enter. These include establishing:

- *broad and deep brand awareness*
- clearly defining the brand's *points-of-parity and points-of-difference*
- eliciting *positive consumer responses*
- forming *intense, active relationships* with customers.

However, these goals must be pursued with an awareness that *brand meaning, imagery, and personality may vary significantly across cultures*. Marketers need to be sensitive to how brand elements like *timing of market entry* and *local heritage* affect consumer perceptions. For instance, a brand introduced early in one market may be seen differently than in a market where it appears later. Furthermore, *cultural differences* can affect the success of certain brand traits -> what works in one country may backfire in another. A notable example is Nike, whose competitive and aggressive brand personality resonated poorly in European markets during the 1990s. Only after shifting its focus toward team-based messaging did it gain stronger traction. When it comes to *brand judgments*, new markets demand that consumers see the brand as high-quality, credible, and worth considering. For true brand resonance to be established, customers need *regular and meaningful interactions* with the brand, through both digital and real-world channels. While digital marketing and social media can support global brand building, *on-the-ground, culturally relevant efforts remain essential*. A critical part of the global branding process is developing a *global brand positioning*. This involves understanding how a brand should be positioned across different markets by creating *mental maps*, defining *core brand associations*, and identifying which elements of the brand's identity should remain constant and which can be adapted locally. To guide this, companies often create a *global positioning document* that asks key strategic questions: Is the brand's positioning from the home market valid elsewhere? What level of awareness already exists? Which brand associations are relevant or need adjusting?

This process requires identifying a *hierarchy of brand associations*, where some are shared across all markets, while others are tailored to local cultures. For instance, some associations might be universal (like quality or reliability), while others (like specific emotional appeals or imagery) must be modified based on local consumer preferences. A great example of how this strategy works in practice is Häagen-Dazs. The brand operates in over 50 global markets and maintains a consistent global image built around *indulgence, affordable luxury, and intense sensuality*. At the same time, it adapts to *local tastes with specific flavours*, like Green Tea in Asia or Mooncake, inspired varieties in China. Even the brand's pricing reinforces its super-premium status, especially in markets like China where a Häagen-Dazs soft serve might cost seven times as much as one from McDonald's. This example illustrates the larger debate between *standardization and customisation*. While a consistent global brand image is vital for recognition and coherence, *local adaptations are equally necessary* to resonate with consumers in diverse cultural and economic



environments. Companies that find the *right balance*, leveraging a unified brand vision while remaining flexible in execution, are best positioned to build strong and lasting global brand equity.

#### Coca-Cola's Global brand strategy with local elements

Coca-Cola, now the world's most recognised brand, began in 1886 in Atlanta and rapidly expanded across the U.S. By the 1920s, it was aggressively building its global brand, using *creative advertising and brand placements* to gain worldwide recognition. The company kept its *product and packaging highly standardised* while tailoring its advertising to feel local, using regional agencies to stay culturally relevant. Coca-Cola initially promoted the idea of "*Think Global. Act Local*," but later shifted to "*Think Local. Act Local*" — a move that backfired due to inconsistent brand messaging. The brand now uses a *hybrid global-local strategy*, where local teams adapt campaigns based on global direction. Its 2016 global campaign, "Taste the Feeling," unified its message around everyday moments while allowing for local creative variations. Coca-Cola operates in over *200 countries*, with about *75% of revenue from international markets*. It balances global and local appeal by selling *both flagship and local brands*, like Georgia coffee in Japan, Thums Up in India, and Coca-Cola Life in Argentina, tailored to *regional tastes and values*.

### Customising marketing mix elements in local markets for global brands

Many brands need to customise specific aspects of the marketing mix to better appeal to local market conditions. We review the four major elements of a marketing program (product, communications, distribution and pricing strategies) in terms of adaptation issues.

**Product strategy** -> Many companies initially failed in global markets because they *ignored local consumer behavior*, often skipping basic market research due to cost or lack of infrastructure. This led to mistakes only discovered after products were launched. To avoid such issues, brands like Nestlé's Kit Kat have invested in *localised research*, creating hundreds of unique flavours for markets like Japan. However, research sometimes shows *product differences aren't needed*. For example, Palmolive streamlined its offerings from dozens of variations to a few standardised ones after global analysis. The key takeaway is that while global branding has advantages, *a mix of global and local brands* is often necessary. Full standardization rarely works everywhere, so *local adaptations still play a crucial role* in successful international marketing.

**Communication strategy** -> Advertising across international markets presents unique challenges due to cultural differences in creative preferences. While a brand's positioning may stay consistent globally, *ad styles must often be adapted*. For instance, humor works better in the U.S. and U.K., while European countries like France and Italy are more open to sexual content in ads. In contrast, Indian advertising emphasises family themes, reflecting its collectivist culture, such as Horlicks using a "mother-child" focus to appeal to nurturing values. *Digital and social media are expanding communication options*, even in lower-income markets. Contrary to assumptions, many consumers in these areas have internet access via mobile phones. For example, by 2012, 98% of Latin Americans had mobile signal access, with many households subscribing to mobile plans. Community internet hubs like kiosks in Peru and Mexico have further widened online access. *Broadcast media has also globalised*, allowing the same TV ads to air across countries through



networks like CNN, MTV, and Sky Broadcasting. However, local challenges persist. In rural India, for example, Colgate-Palmolive tackled illiteracy and low TV access by using mobile video vans with infomercials. Additionally, *sponsorship marketing* is a powerful global strategy. It has historically been popular outside the U.S. due to limited advertising infrastructure. Global events like the FIFA World Cup attract major sponsors such as Coca-Cola, Adidas, and Visa, effectively reaching international, and especially younger, audiences.

**Distribution strategy** -> Distribution channels pose significant challenges for global companies, particularly because there are *few global retailers*, such as supermarkets and grocery stores, especially in regions like Africa, where both urban and rural consumers exist. To address these challenges, companies have developed *innovative solutions*. For example, in Kenya, Weetabix, a UK-based breakfast cereal brand, uses a unique distribution system where a sales force on bicycles delivers small sachets of cereal to retail shops. This approach has been highly successful, helping Weetabix capture 70% of the cereal market in Kenya. Similarly, Coca-Cola has created micro distribution centres (MDCs) in East Africa to reach remote rural outlets with limited road access. These centres handle over 80% of Coca-Cola's business in some East African countries, using handcarts for transportation. In doing so, Coca-Cola not only expands its market reach but also creates jobs for over 13,500 people, making it an effective and socially responsible distribution model in the region.

**Pricing strategy** -> When designing a global pricing strategy, the *value-pricing principle* still applies, meaning marketers must understand *how consumers in each country perceive the value of a brand, their willingness to pay, and how sensitive they are to price changes*. In some cases, differences in these factors allow for variations in pricing. For example, brands like Levi's, Heineken, and Perrier can charge higher prices outside their home markets due to a stronger brand image and greater brand equity in other countries. However, setting significantly different prices across markets can be challenging due to *pressures for price alignment*, especially with the rise of *gray imports* where consumers exploit price differences between countries. To address this, companies have three primary options for pricing in global markets. One option is to create an *international "price corridor,"* which is determined by evaluating factors such as market data, price elasticities, currency exchange rates, and competition. This ensures that prices remain within a certain range across countries. Another approach is to introduce *different brands* tailored to high-price, high-income markets versus low-price, low-income markets, taking into account the trade-offs between standardization and customisation. Lastly, some companies create *entirely new products for specific markets using local materials*, as seen with GE Healthcare's portable ultrasound machine, designed to be more affordable for emerging markets.

**Marketing to consumers in developing and developed markets** -> The distinction between developed and developing markets is becoming *less clear*, as some developing markets, like China, have large GDPs despite limited infrastructure. Emerging markets, often referred to by the



BRICS acronym (Brazil, Russia, India, China, and South Africa), are key areas of focus. In these markets, consumers tend to shop at small, local stores such as bodegas or kiosks, with around 80% of purchases made at such outlets. Given limited incomes and space, *smaller packaging and lower prices are crucial for success*. Companies like Procter & Gamble and Unilever have developed cost-effective products tailored to these markets. Additionally, mobile and digital strategies are becoming increasingly important due to the high penetration of smartphones in these regions.

## Ten commandments to building global customer-based brand equity

In designing and implementing a global brand marketing program, marketers want to realise the advantages while suffering as few of the disadvantages as possible. There are ten rules that we can follow in order to build strong global brands:

1. **Understand similarities and differences in the global branding landscape** -> A key principle in global marketing is recognising that *international markets differ significantly in areas like brand maturity, consumer behavior, marketing infrastructure, competition, and legal environments*. Leading global brands typically maintain consistent themes while adjusting parts of their marketing mix to suit local preferences and conditions. It's also important *not to treat entire continents or large countries as uniform markets*. For instance, Latin America is made up of diverse countries with distinct regional differences. Companies like McDonald's, Coca-Cola, and Puma have seen success by tailoring campaigns specifically for different Latin American markets.
2. **Do not take shortcuts in brand building** -> To build strong global brand equity, companies must *create brand awareness and a positive image in each market they enter*, adapting their approach to fit local consumer behavior and preferences. While the *overall brand message might stay consistent, the methods for building that brand often need to differ by country*. Volkswagen, for instance, has struggled in the U.S. because it hasn't adapted enough to American consumer preferences, unlike some of its Asian competitors. Entering new markets requires starting from the ground up, first building awareness, then shaping a positive brand image. Strategies around pricing, distribution, and communication may need to differ across markets, and marketers must be ready to educate consumers and potentially revert to earlier brand-building steps used in more established markets. *Rushing to apply the same marketing programs globally can be a mistake*. True success lies in understanding local consumers deeply and tailoring brand strategies to resonate with their values and perceptions. Patience and localised adaptation are key.
3. **Establish marketing infrastructures** -> A major factor behind the success of many global brands is their ability to build or adapt strong manufacturing, distribution, and logistical systems in each market. These companies often *create marketing infrastructure from the ground up or adjust to local conditions*, for example, Häagen-Dazs distributed free freezers to



European retailers due to poor refrigeration. Distribution systems vary widely, as seen in the low share of chain grocers in India compared to China and Russia. *Maintaining product quality across markets is also crucial.* McDonald's, for instance, sources most ingredients locally and even invests in improving agriculture, like potato farming in Russia, to ensure consistent product standards. Similarly, companies like General Motors have succeeded abroad by tailoring operations—GM turned around its Brazil business by refining manufacturing and building a strong dealer network. Overall, adapting infrastructure and operations to local needs is essential for global brand success.

4. **Embrace integrated marketing communications** -> Top global brands increasingly rely on *integrated marketing communications (IMC)* to succeed in international markets, where traditional advertising channels may be less developed than in the U.S. To adapt, companies often turn to *alternative communication methods* such as sponsorships, promotions, public relations, and merchandising. A good example is Ben & Jerry's UK campaign, which localised its brand by running a contest to create a culturally British ice cream flavour, ultimately selecting "Cool Britannia." IMC is also essential for *reaching multicultural and bilingual audiences*. In diverse markets like the U.S., where many Hispanic-American households blend Spanish and English, bilingual and culturally relevant advertising can be effective, especially with bicultural consumers who *identify with both their home and host cultures*. However, this strategy only works when the *brand doesn't carry strong monocultural associations*. For example, brands like McDonald's and Coca-Cola, deeply linked to American culture, may not benefit as much from bilingual advertising as more culturally neutral brands like Coors or GAP. Ultimately, successful multicultural marketing requires a thoughtful, consistent approach across all platforms, *blending language, culture, and brand identity in a way that resonates with dual audiences*
  
5. **Cultivate brand partnerships** -> Global brands often rely on a variety of partnerships, such as *joint ventures, licensees, franchisees, and distributors*, to enter and grow in international markets. There are three main strategies for market entry: *exporting existing brands, acquiring local brands, or forming brand alliances*. The choice depends on the company's resources and goals. For example, Procter & Gamble enters markets where it has expertise and builds infrastructure before expanding product categories, while Heineken uses a phased strategy, starting with exports, then licensing, and possibly forming joint ventures or acquiring stakes if successful. Partnerships often provide *critical access to local distribution networks or allow brands to leverage local credibility*. Starbucks partnered with Tata in India to benefit from Tata's market knowledge and infrastructure. Under Armour gained instant visibility in the UK by partnering with a local football club. In some cases, such as in parts of the Middle East or in regulated industries in India, companies are required by law to form local partnerships. Joint ventures are also favoured in markets like Japan, where local systems are complex and relationships are key. Nestlé demonstrates how *entry strategies vary by market development*.



In developed countries, it has grown primarily through acquisitions, buying major brands across the U.S. and Europe. In developing countries, Nestlé adapts products to local conditions and introduces new or existing brands that suit the market. It often moves slowly but strategically, as seen in its decade-long effort to enter China. The company manages a broad brand portfolio, with *clear distinctions between global, regional, and local brands*, maintaining a *balance between central control and local adaptation*. Although historically decentralised, Nestlé began consolidating regional operations in the late 1990s to improve efficiency while still allowing local flexibility, like offering over 200 different versions of Nescafé to match regional tastes. This hybrid model has helped Nestlé achieve steady, above-average growth, even during challenging economic times.

6. **Balance standardisation and customisation** -> Marketers must strike a balance between global standardization and local adaptation in international markets. *While some aspects of marketing programs should be tailored to local preferences, others can be standardised across markets to leverage efficiency and consistency*. Factors favouring standardization include:
- *Shared customer needs across countries*
  - *Presence of global customers and distribution channels*
  - *Harmonised trade policies and regulations*
  - *Common technical standards*
  - *Transferable marketing capabilities*

Products well-suited to standardised global marketing include:

- *High-tech products* with strong functional reputations (e.g., computers, cameras, cars)
- *High-image or luxury items* associated with fashion, wealth, or status (e.g., jewellery, cosmetics, liquor)
- *Services and B2B products* focusing on consistent corporate image (e.g., airlines, banks)
- *Retailers with niche appeal* or unmet demand (e.g., Toys“R”Us reshaping the European toy market)
- *Country-of-origin brands* that use national identity as a selling point (e.g., Foster’s beer and its Australian branding)
- *Products requiring no localisation* to function properly (e.g., heart pacemakers), though integrated systems may need adaptation (e.g., telecom equipment)

Overall, the key is knowing which elements of the marketing mix to adapt and which to keep consistent across borders.

7. **Balance global and local control** -> Building brand equity globally is a strategic process that requires the right organizational structure. Companies typically choose between *centralising* marketing decisions at headquarters, *decentralising* them to local markets, or using a *combination of both*. Most firms favour the hybrid approach to balance global consistency



with local responsiveness. For example, Kimberly-Clark supports this balance by enabling local autonomy while using centralised tools like a global marketing website and a Global Marketing University to share best practices across regions. Lexus also moved toward a unified global marketing strategy for product launches like the NX and RC, creating a consistent brand message while gaining efficiency. Some firms, such as GE, Intel, and AstraZeneca, adopt a “*T-shaped*” organizational model. This allows for quick, localised marketing responses while centralising backend functions like product development and R&D across countries. Global companies often divide their *operations into regions*, such as Europe, Asia, or Latin America, to manage both global and local needs. Coca-Cola, for instance, allows local managers to tailor marketing strategies unless those strategies might dilute core brand equity. Levi’s applies a “thermometer” model, where *essential brand elements like logos and brand essence are fixed, but marketing mix components such as pricing or promotion can be adapted by regional teams*. Overall, the goal is to ensure consistency in core brand identity while giving local markets the freedom to make culturally relevant marketing decisions, all while keeping costs and revenues in mind.

8. **Establish operable guidelines** -> To maintain brand consistency across international markets, global companies must *clearly define, communicate, and enforce brand guidelines*. This ensures that regional marketers understand the brand's meaning and know how to adapt it for local consumers without compromising its identity. A key part of this process is creating *formal documents* like a brand charter or global brand positioning statement that outline what the brand represents and what it does not. Additionally, the product lineup must reflect the brand’s values, *only products aligned with the brand definition should be offered*. Disney provides a clear example of this approach. Guided by its brand mantra, “fun family entertainment,” Disney categorises potential licensed products into three groups: those that can be licensed freely (e.g., T-shirts), those that are completely off-limits (e.g., toilet paper), and those requiring corporate approval (e.g., air fresheners). For such a system to function effectively, *strong communication is essential*. Coca-Cola emphasises having well-trained personnel in local markets who can manage the brand in collaboration with headquarters. To support this, the company relies on centralised training, robust communication systems, and global databases. These tools help local managers *stay aligned with the brand’s core identity while adapting it meaningfully for their specific markets*.
9. **Implement a global brand equity measurement system** -> A global brand equity measurement system consists of *research procedures that help marketers gather accurate, timely, and actionable insights about their brands across all markets*. This system supports both short-term tactical decisions and long-term strategic planning. A key component of this system is the global brand equity management system, which includes a brand equity charter tailored to international contexts. This charter helps interpret brand positioning and marketing programs in different regions. Once the global strategy is set, *brand tracking is used to*



*monitor progress*, measuring how well the brand is achieving its intended positioning, generating the desired consumer responses, and building strong brand relationships, or brand resonance.

10. **Leverage brand elements** -> The *proper design and implementation of brand elements are crucial for building global brand equity*. Nonverbal elements like logos, symbols, and characters tend to transfer well across cultures, especially if their meaning is visually clear. These elements are effective in creating brand awareness but may not always convey the desired brand image, which requires more explicit communication. Verbal elements, such as names and slogans, *often need translation* and can face challenges in different languages or cultures. Websites can also contribute to brand equity, with the option to standardise some features while customising others for different markets.



### Chapter summary

Increasingly, marketers must *properly define and implement a global branding strategy*. Some advantages of a global marketing program are economies of scale in production and distribution, lower marketing costs, communication of power and scope, consistency in brand image, an ability to leverage good ideas quickly and efficiently, and uniformity of marketing practices, and thus, greater competitiveness. *The more standardised the marketing program, in general, the more the firm can actually realise these different advantages*. At the same time, the primary disadvantages of a standardised global marketing program are that it may *ignore important differences across countries* in various areas: consumer needs, wants, and usage patterns for products; consumer response to marketing mix elements; product development and the competitive environment; the legal environment; marketing institutions; and administrative procedures. In developing a global marketing program, marketers attempt to *obtain as many of these advantages as possible while minimising any possible disadvantages*. Building global customer-based brand equity means creating brand awareness and a positive brand image in each country in which the brand is sold. Marketers are *blending global objectives with local or regional concerns*. The means by which brand equity is built may differ from country to country, or the actual sources of brand equity themselves may vary across countries in terms of specific attribute or benefit associations. Nevertheless, there must be sufficient levels of brand awareness and strong, favourable, and unique brand associations in each country in which the brand is sold to provide sources of brand equity. Some of the biggest differences in global marketing occur between developed and developing or emerging markets. Because of the extremely low incomes and differences in consumer behavior in developing markets, marketers must fundamentally rethink every aspect of their marketing program.

In general, in entering a new market of any kind, it is necessary to *identify differences in consumer behavior* (how consumers purchase and use products and what they know and feel about brands) and adjust the branding program accordingly (through the choice of brand elements, nature of the supporting marketing program, and leverage of secondary associations).

### China's Global brand ambitions

China, the world's most populous country, has experienced remarkable economic growth since its market reforms began in 1978, transforming it into the world's second-largest economy and a major manufacturing powerhouse. China produces a *significant portion of global goods*, including 80% of the world's air conditioners and 70% of mobile phones. Its rise has created a growing consumer class, with millions of millionaires and a large appetite for luxury goods, making China the *world's largest luxury market*. Despite the wealth of its urban elite, China faces stark economic inequality, particularly in rural areas where many struggle with *low wages and limited access to education*. This inequality has driven migration to cities, contributing to urban congestion. Still, the *wealthier consumer class has attracted foreign brands* like General Motors, Apple, and Starbucks, which continue to expand their presence. Lenovo, a Chinese brand, has emerged as a global leader, dominating the PC market both in China and internationally. Lenovo's success can be attributed to *strategic acquisitions*, including its purchase of IBM's PC division, and a business philosophy focused on speed and competitive analysis. The company has also *diversified its product line* to include smartphones, gaming laptops, and smart home devices. Lenovo's global approach combines standardised branding with localised advertising strategies, helping it strengthen its market position globally.



## Chapter 16 - Closing observations

We provide some closing observations concerning strategic brand management and review the CBBE framework. We'll then highlight managerial guidelines, key themes and success factors for branding.

### Strategic brand management guidelines

Strategic brand management involves designing and executing marketing activities to build, measure, and manage brand equity. At the heart of this process is the customer-based brand equity (CBBE) framework, which emphasises that brand power lies in *how consumers perceive and experience the brand*. CBBE is defined as the *differential effect* of brand knowledge on consumer response to marketing. A brand has positive equity when people respond more favourably to it than to a generic or unknown brand. Brand knowledge, central to this model, consists of two key components:

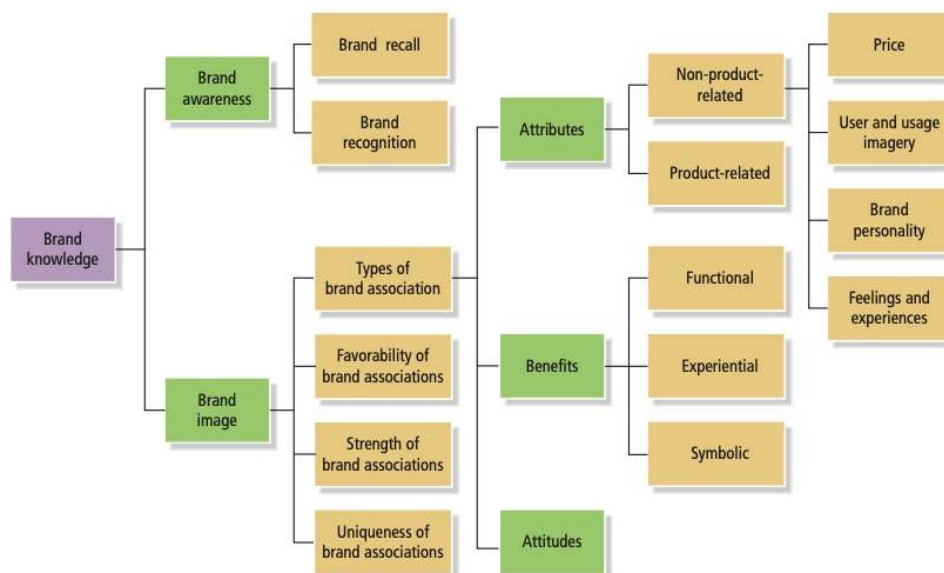
- **Brand awareness**, which includes:
  - *Depth* → the likelihood that consumers can recognise or recall the brand.
  - *Breadth* → the range of situations where the brand comes to mind.
- **Brand image**, which refers to consumer perceptions and associations linked to the brand. These associations can be:
  - *Product-related* (e.g., performance, functionality)
  - *Non-product-related* (e.g., imagery, lifestyle, emotions)

Brand associations vary in:

- **Strength** → depends on how deeply consumers process and relate to the brand info.
- **Favourability** → based on how desirable and relevant the associations are.
- **Uniqueness** → provides competitive advantages through distinctive, meaningful points-of-difference (PODs), while also meeting category expectations through points-of-parity (POPs).

In summary, strategic brand management seeks to shape brand knowledge in consumers' minds by increasing awareness and creating strong, favourable, and unique associations that drive

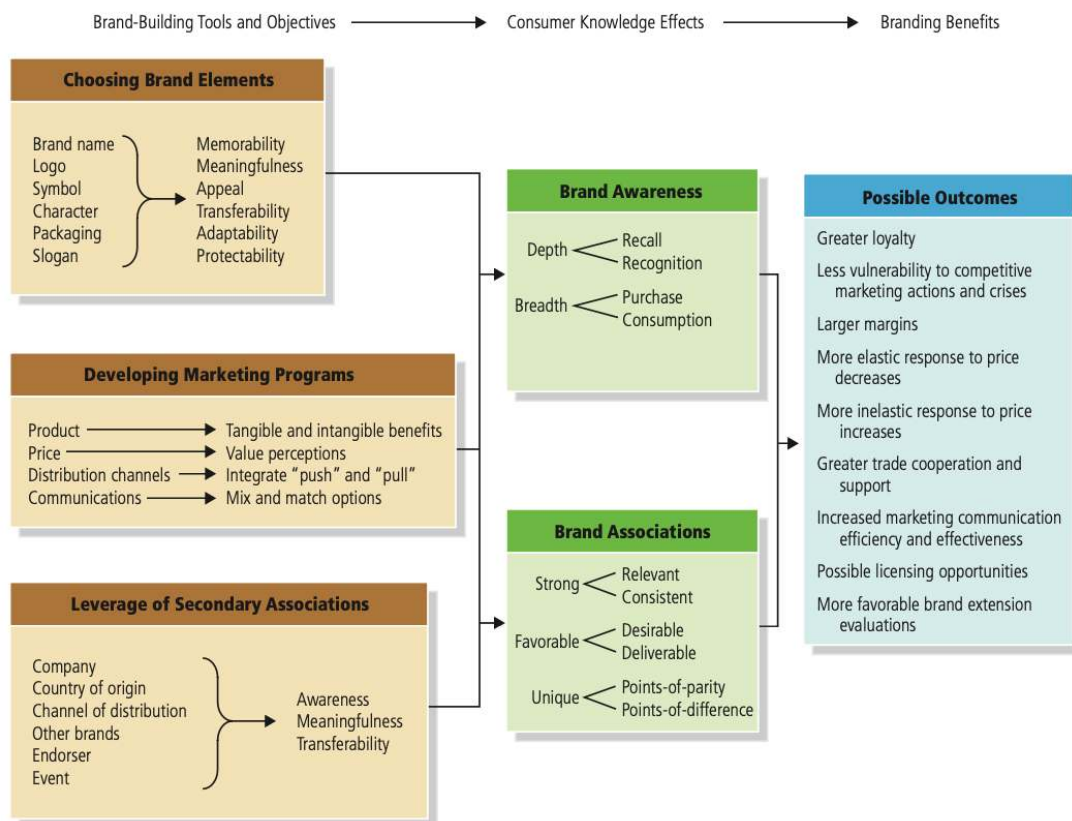
and preference loyalty.





We can summarise these broad conceptual guidelines for creating desired brand knowledge structures into:

1. *Depth of brand awareness* -> determined by the ease of brand recognition and recall.
2. *Breadth of brand awareness* -> Determined by the number of purchase and consumption situations for which the brand comes to mind.
3. *Strong brand associations* -> Created by marketing programs that convey relevant information to consumers in a consistent fashion at any one point in time, as well as over time.
4. *Favourable brand associations* -> Created when marketing programs effectively deliver product-related and non-product-related benefits that are desired by consumers.
5. *Unique brand associations* -> Strong and favourable associations create points of difference that distinguish the brand from other brands. Brand associations that are not unique, however, can create valuable points-of-parity to establish necessary category associations or to neutralise competitive points-of-difference.



Assuming we can create a positive brand image, with marketing programs that register the brand in memory and link it to strong, favourable and unique associations, we can realise a number of benefits for the brand:

- improved perceptions of product performance
- Greater customer loyalty
- Less vulnerability to competitive marketing actions



- Less vulnerability to marketing crises
- Higher 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
- Improved attraction and retention of employees

Strategic brand management revolves around building, measuring, and managing brand equity using the Customer-Based Brand Equity (CBBE) framework. This framework emphasises the central role of consumers in shaping brand value -> essentially, a brand is *only as strong as what consumers know, feel, and believe about it*. Brand equity is developed through the *thoughtful selection of brand elements like names, logos, and slogans*; the design of impactful marketing programs; and the strategic use of secondary associations, such as linking the brand to well-known personalities, events, or other trusted brands. To build strong brand equity, companies must ensure a *high level of perceived quality and create a compelling brand image that resonates with both the functional and emotional needs of consumers*. Marketing activities should be both *complementary and consistent* -> different tactics should serve unique purposes but still work together to present a unified brand message. A memorable logo might boost brand recognition, while a creative slogan could reinforce a brand's positioning. Consistency across all channels, from advertising to retail promotions and social media, is essential for strengthening brand associations and awareness.

Measuring brand equity involves assessing both the *sources and outcomes of brand value*. This means looking at factors like brand awareness, the strength and uniqueness of brand associations, consumer attitudes, and the quality of the brand relationship. A comprehensive brand equity measurement system includes *regular brand audits* to evaluate current perceptions and performance, ongoing *tracking studies* to monitor brand health, and a *formal management system* to guide decisions across the company. To support this, brands should develop a *brand equity charter* to align internal teams on branding strategy, generate regular brand equity reports, and appoint a dedicated person or team to oversee brand management efforts. This structured approach ensures consistency across markets and over time, helping maximise long-term brand value. The dominant theme in measuring brand equity is the need to employ a *full complement of research techniques and processes that capture as much as possible the richness and complexity of brand equity*. We need multiple techniques and measures to tap into all the various sources and outcomes of brand equity, to help interpret brand equity research, and to ensure that we get actionable information at the right time. With *social media listening* growing in importance, some



of the traditional brand audit and tracking activities could employ social media listening and other digital research tools as a substitute or complement to existing efforts.

Managing brand equity involves taking a *broad and long-term approach*. A broad perspective is essential for companies that offer *diverse products across multiple markets*. This requires establishing *brand hierarchies* that clearly define shared and unique brand elements across products and ensuring that *brand and product extension strategies are well-aligned*. Companies must also tailor brand management to *different regions and target segments*, building awareness and a positive image in each market. A long-term view is crucial because marketing activities and environmental changes can reshape how consumers perceive a brand over time. Maintaining brand equity means *reinforcing core brand meanings* while making *thoughtful updates* to keep the brand relevant. When a brand's equity declines, *revitalisation strategies* are used to rebuild its strength. The key themes in managing brand equity include *balancing consistency with adaptability*. While a brand must evolve to stay current, changes should be moderate to avoid confusing or losing customers. A stable, *recognisable brand message* should remain at the heart of all marketing efforts to preserve and grow brand equity over time.

#### 1. Define Brand Hierarchy

- A. *Principle of Simplicity*: Employ as few levels as possible.
- B. *Principle of Clarity*: Logic and relationship of all brand elements employed must be obvious and transparent.
- C. *Principle of Relevance*: Create abstract associations relevant to as many products as possible.
- D. *Principle of Differentiation*: Differentiate individual products and brands.
- E. *Principle of Growth*: Investments in market penetration or expansion vs. product development should be made according to ROI opportunities.
- F. *Principle of Survival*: Brand extensions must achieve brand equity in their categories.
- G. *Principle of Synergy*: Brand extensions should enhance the equity of the parent brand.
- H. *Principle of Prominence*: Adjust prominence to affect perceptions of product distance.
- I. *Principle of Commonality*: Link common products through shared brand elements.

#### 2. Define Brand-Product Matrix

- A. *Brand Extensions*: Establish new equity and enhance existing equity.
- B. *Brand Portfolio*: Maximize coverage and minimize overlap.

#### 3. Enhance Brand Equity over Time

- A. *Brand Reinforcement*: Innovation in product design, manufacturing, and merchandising. Relevance in user and usage imagery.
- B. *Brand Revitalization*: "Back to basics" strategy. "Reinvention" strategy.

#### 4. Establish Brand Equity over Market Segments

- A. *Identify Differences in Consumer Behavior*: How they purchase and use products. What they know and feel about different brands.
- B. *Adjust Branding Program*: Choice of brand elements. Nature of supporting marketing program. Leverage of secondary associations.

1. Define the brand hierarchy in terms of the number of levels to use and the relative prominence that brands at different levels will receive when combined to brand any one product.
2. Create brand associations relevant to as many brands nested at the level below in the hierarchy as possible but sharply differentiate brands at the same level of the hierarchy.
3. Introduce brand extensions that complement the product mix of the firm, leverage parent brand associations, and enhance parent brand equity.
4. Clearly establish the roles of brands in the brand portfolio, adding, deleting, and modifying brands as necessary.
5. Reinforce brand equity over time through marketing actions that consistently convey the meaning of the brand in terms of what products the brand represents, what benefits it supplies, what needs it satisfies, and why it is superior to competitive brands.
6. Enhance brand equity over time through innovation in product design, manufacturing, and merchandising and continued relevance in user and usage imagery.
7. Identify differences in consumer behavior in various market segments, and adjust the branding program accordingly on a cost-benefit basis.

## What makes a strong brand?

To create a strong brand and maximise brand equity, marketing managers must:

- Understand brand meaning and market the company's products and services in an appropriate manner
- Properly position the brand
- Provide superior delivery of desired benefits
- Employ a full range of complementary brand elements, supporting marketing activities and secondary associations
- Embrace integrated marketing communications and communicate with a consistent voice



- Measure consumer perceptions of value and develop a pricing strategy accordingly
- Establish credibility and appropriate brand personality and imagery
- Maintain innovation and relevance for the brand
- Strategically design and implement a brand architecture strategy
- Implement a brand equity management system to ensure that marketing actions properly reflect the brand equity concept

### The brand report card

The Brand Report Card is a *self-assessment tool designed to help companies evaluate how well they are managing their brand across ten key areas*. Each area can be rated on a scale from 1 to 10, and brands should be evaluated honestly, from a consumer's perspective. Competitors can be evaluated similarly for comparison. This helps highlight strengths, identify weaknesses, and guide improvement.

The key areas include:

1. *Understanding the Brand's Meaning* – How well managers grasp what the brand stands for in consumers' minds, using tools like brand mantras and mental maps.
2. *Proper Brand Positioning* – Whether the brand has clear points-of-parity and meaningful, differentiated points-of-difference.
3. *Delivering Valued Benefits* – The extent to which the brand meets consumer needs and enhances their experience.
4. *Comprehensive Use of Branding Tools* – Whether all brand elements and marketing activities are used strategically to build awareness and image.
5. *Integrated Marketing Communications* – How consistently and clearly the brand communicates across all platforms and channels.
6. *Value-Based Pricing* – If pricing reflects the perceived value to consumers and maintains a strong balance between price, cost, and quality.
7. *Supportive Brand Imagery* – Whether brand personality and imagery align with its values and build credibility.
8. *Innovation and Relevance* – The brand's ability to stay current, innovative, and in tune with consumers.
9. *Strategic Brand Architecture* – For multi-product or multi-brand firms, the structure should ensure clarity, synergy, and market coverage.
10. *Brand Monitoring Systems* – The presence of a structured approach to auditing, tracking, and managing brand equity over time.

On the other hand, we need to take into consideration the seven deadly sins of brand management:

1. **Failure to fully understand the meaning of the brand** -> Managers often misinterpret what consumers think and feel about the brand, leading to misguided marketing decisions.
2. **Failure to live up to the brand promise** -> Overpromising and underdelivering damages trust more than setting no expectations at all.



3. **Failure to adequately support the brand** -> Building and maintaining brand equity requires ongoing investment; many managers fail by cutting marketing support too early.
4. **Failure to be patient with the brand** -> Brand equity grows gradually. Managers sometimes rush the process, skipping foundational steps like brand awareness.
5. **Failure to adequately control the brand** -> Decisions made without understanding the brand's impact, especially during crises (like social media issues), can harm brand equity.
6. **Failure to properly balance consistency and change with the brand** -> Brands need to evolve with the market without losing their core identity; too much or too little change is dangerous.
7. **Failure to understand the complexity of brand equity measurement and management** -> Managing brand equity is complex and needs careful, disciplined decision-making; it's not about quick fixes.

#### Reinvigorating branding at Procter and Gamble

Procter & Gamble's (P&G) modern branding strategy focuses on *adapting to changing consumer needs and the evolving marketing landscape*. One key aspect is building category growth by studying consumer habits in depth to identify new opportunities. For instance, the creation of Swiffer stemmed from rethinking how people clean their homes. Another major strategy is *streamlining the product portfolio*. P&G has sold off less profitable brands, such as CoverGirl, in order to concentrate its efforts on categories with stronger potential. Alongside this, the company remains committed to driving innovation, not just in large product categories but also in smaller ones. This approach has led to successful launches like Tide PODS and Febreze. In terms of communication, P&G carefully balances traditional and digital media. Campaigns such as "Like a Girl" have used emotionally resonant storytelling across TV and social platforms while remaining cautious about where digital ads are placed to ensure alignment with the brand's image. Lastly, in 2014, P&G adopted a new brand management structure. This involved replacing the traditional marketing organisation with brand-focused units arranged by product category. This reorganisation enhanced the speed and effectiveness of decision-making and allowed for stronger alignment between brand strategy and execution.

#### Future brand priorities

As we conclude the journey of understanding strategic brand management, it's clear that while branding will continue to evolve, its *importance will remain constant*. Brands play a fundamental role in helping consumers simplify decisions, reduce risk, and find satisfaction, functions that are unlikely to lose relevance in an increasingly complex world. That said, managing brands has become *more challenging than ever*. The marketing environment is *rapidly shifting*, driven by more diverse, informed, and empowered consumers, increased global competition, technological advancements, and growing social and environmental concerns. These changes have forced marketers to *rethink their branding strategies*. To succeed, brands must adapt by applying proven principles, like those in the brand report card, and avoiding common branding mistakes. Looking



forward, six key branding imperatives offer guidance for navigating this dynamic landscape and building successful, resilient brands in the 21st century.

1. *Fully and accurately factor the consumer into the branding equation.* Focus on the consumer and recognise what they know and don't know about brands and what they want and don't want from brands. Engage in "participation marketing" in the process.
2. *Go beyond product performance and rational benefits.* Craft well-designed products and services that provide a full set of rational and emotional benefits.
3. *Make the whole of the marketing program greater than the sum of the parts.* Develop fully integrated channel and communication strategies that optimally blend their strengths and weaknesses.
4. *Understand where you can take a brand (and how).* Design and implement a new product development and brand architecture strategy that maximises long-term growth across product offerings, customer segments, and geographical markets.
5. *Do the "right thing" with brands.* Embrace corporate social responsibility and manage brands for the long run.
6. *Take a big picture view of branding effects. Know what is working (and why).* Justify brand investments and achieve deeper understanding of the power of brands.

One of the core principles of branding is that *consumers ultimately own the brand*. Their perceptions and beliefs determine a brand's success or failure. This has become even more significant with the rise of social media, which has amplified the *power of word-of-mouth*, both positive and negative. Consumers now shape brand meaning as much as, if not more than, marketers do. Therefore, brands must *reflect consumer perspectives in every decision*, from naming products to developing marketing strategies. Missteps often occur when companies take an internal view, leading to confusing brand architectures or messages that fail to resonate with consumers. To be effective, branding must be *rooted in deep consumer insight*, with marketing strategies tailored to how real people think, feel, and behave. Marketers should view customers not only as the end-users of value but also as *key collaborators in the branding process*. However, *increasing customer diversity presents new challenges*. Brands must now appeal to multiple segments, defined by culture, geography, and behavior. This has led to marketing innovations like *brand journalism, one-to-one marketing, and digital personalisation*, which aim to speak to these diverse audiences without losing the brand's central promise. Alongside diversity, *customer empowerment* is another defining feature of today's market. The transparency brought about by the internet and social media has given consumers *unprecedented access to information* and the power to hold brands accountable. As a result, marketers must be prepared for *constant scrutiny* and ready to adapt. Not all consumers will want to deeply engage with brands, but those who do can become valuable partners in "*participation marketing*," where brands and consumers collaborate to co-create value. At the foundation of any successful brand, however, is a *great product or service*. In today's transparent world, product and service design has become a key



source of competitive advantage. It's not just about how a product functions, but *how it looks, feels, and fits into consumers' lives*. Strong emotional connections are formed when functional benefits translate into *deeper meanings*, as seen in Pampers' repositioning from dryness to nurturing child development. Ultimately, brands must move *beyond rational benefits and performance metrics to offer emotionally resonant, well-designed experiences that truly serve the evolving needs and values of their customers*. This combination of insight, creativity, and empathy is what will sustain strong brands in the future.

In today's rapidly evolving media landscape, marketing has become *increasingly complex* due to the explosion of digital channels, social media, mobile technology, and the fragmentation of traditional media like television. These changes have fundamentally *reshaped how companies promote and sell their products and services*. Marketers must now navigate an *extensive array of online and offline communication tools*, often blending them in creative ways to *maximise reach and impact*. Brands are no longer confined to just traditional advertising; they must now engage consumers across social platforms, through mobile apps, in real-world experiences like events or pop-up stores, and via integrated online retail strategies. A core challenge for companies is *crafting an integrated marketing strategy* where each element not only works well on its own but also enhances the effectiveness of others. This *synergy* is key -> rather than isolated efforts, marketing activities should *reinforce one another*. For example, a compelling TV commercial should not only improve brand perception but also lead consumers to interact with the brand on its website or social media platforms. Because consumers now encounter brands through *multiple touch-points* and in varied sequences, companies must design marketing efforts *versatile* enough to resonate with different consumers regardless of their past experiences with the brand. *Digital marketing plays a central role in this strategy*. Interactive online communication, through websites, email, search engine marketing, video ads, and especially social media, has become essential to *reaching consumers at all stages of the decision-making process*. Social media, though powerful, presents both opportunity and risk. It enables consumers to share experiences, express loyalty, and engage with brands directly, but it also opens the door to *negative feedback or viral criticism*. Successful brands accept this reality, maintaining a responsive and resilient online presence. Mobile marketing further personalises communication, offering location-specific promotions and timely messaging. A standout example is Home Depot's collaboration with The Weather Channel to tailor DIY project suggestions based on local weather, showing how data and mobile apps can enhance customer engagement. Amid this diverse marketing ecosystem, strong brand strategy is vital. *Effective brand architecture* helps companies define what a brand represents, the needs it fulfills, and the limits of its expansion into new products or markets. This strategy must ensure *all brand extensions remain true to the core brand promise and identity*. If marketing for a product could easily apply to a competitor's offering, it likely lacks distinctiveness and alignment with the brand. Marketers must carefully assess the *potential of each extension*,



ensuring relevance and differentiation. Tools like *formal evaluation scorecards* help reduce the risk of failure, which is common among brand extensions that lack strategic fit.

*Sub-branding* is another crucial aspect of brand architecture. By combining a parent brand with new brand elements, marketers can create *clear connections while distinguishing new offerings*.

*Placement of brand names* matters, a product called “Marriott Courtyard” is perceived more closely aligned with Marriott than “Courtyard by Marriott.” Effective sub-branding can also insulate the parent brand from fallout if an extension faces criticism or fails, as seen in how Audi’s Quattro sub-brand was shielded from damage caused by issues with the Audi 5000. Marketing today also involves broader responsibilities. Heightened media scrutiny and consumer awareness demand that brands act with *integrity and purpose*. Consumers expect companies to *contribute positively to society*, whether through environmental initiatives, community engagement, or social causes. *Cause marketing programs*, such as General Mills’ long-running “Box Tops for Education,” demonstrate how companies can *align social impact with business goals*. These programs build *brand credibility, community, and emotional connection*. Maintaining brand equity also means *respecting the brand’s identity and promise*. Even seemingly minor changes, like updating a logo or font, can provoke strong consumer reactions. Brands like Twitter and The Gap have faced backlash for such decisions. The most successful marketers approach their brands with *long-term vision and care*, avoiding overexposure, excessive modernisation, or indiscriminate discounting. Disney exemplifies this approach by using its internal mantra, “fun family entertainment”, to ensure *all actions stay aligned with its core brand values*. This prevents gradual erosion of brand equity through a series of seemingly minor compromises. In summary, to make the whole of the marketing program greater than the sum of its parts, brands must master *integration across channels, stay true to their brand identity, embrace ethical responsibilities, and adapt thoughtfully to evolving consumer expectations and technologies*.

In modern brand management, it’s crucial for marketers to *take a big-picture view* when evaluating the effects of branding efforts. With tighter budgets and growing pressure to justify every dollar spent, marketers must demonstrate how *branding activities contribute to both short-term outcomes and long-term brand value*. This is especially challenging because brand-building efforts often produce broad, *intangible effects*, such as deepening consumer awareness, strengthening emotional bonds, or influencing perceptions, that may not yield immediate, measurable returns. A single marketing campaign might simultaneously impact brand recall, sentiment, loyalty, or purchasing decisions, making it essential for marketers to adopt *comprehensive frameworks* to measure performance accurately. To meet this need, we introduce three interlinked models that help guide brand planning, tracking, and valuation.

- The **brand positioning model** focuses on differentiating the brand through unique associations (points-of-difference) while also meeting baseline expectations (points-of-parity).
- The **brand resonance model** explains how to build strong emotional connections and loyalty with consumers through a structured hierarchy of brand-building blocks.



- The **brand value chain model** tracks how marketing initiatives affect customer mindset, drive market-level outcomes, and ultimately contribute to shareholder value.

These models serve not only as tools for evaluation but also as *strategic blueprints* for crafting effective branding programs. Understanding branding also requires a *multidisciplinary lens*. Branding draws from economics, psychology, and sociology to interpret how consumers relate to brands and how value is created over time. Strong brands empower marketers in the marketplace -> they *facilitate premium pricing, simplify partnerships with retailers, and enable more effective marketing*. One of the most crucial financial aspects of branding is determining a price that reflects a brand's value without undercutting its equity or overestimating its worth. At the heart of effective brand strategy lies *balance* ->the ability to navigate inevitable trade-offs. These include short-term sales vs. long-term equity, centralised brand control vs. localised customisation, acquisition vs. retention, and digital vs. traditional marketing. Achieving balance means ensuring branding decisions are *neither overly simplistic nor needlessly complex*. For example, some campaigns—like “Got milk?” or Old Spice’s viral video ads—have successfully managed to drive immediate engagement while also reinforcing deeper brand attributes.

Positioning also involves careful trade-offs between differentiation and parity. A brand must excel in some *key attributes to stand out* (like Volvo’s reputation for safety or Apple’s user-friendliness) while *still matching competitors on essential criteria* (such as style or performance). In some cases, this requires *reframing negative perceptions* -> Apple, for instance, redefined what “power” means in computing to address concerns that simplicity meant weakness.

Modern brand marketers also need *new capabilities to thrive*. Analytical and quantitative skills are essential for working with data scientists and extracting insights from the vast amounts of consumer data now available. At the same time, creativity and storytelling remain central to connecting with consumers on an emotional level. A compelling brand narrative can reinforce loyalty and elevate a brand’s presence in a crowded market. Equally important are soft skills like collaboration and empathy. Today’s brand managers operate like mini-CEOs, coordinating across internal teams and external partners to ensure cohesive execution. They must also deeply understand customer experiences and concerns, tailoring strategies to meet evolving expectations. Strategic thinking is key: brand leaders must stay ahead of emerging trends, adjusting their positioning and offerings accordingly. Finally, *digital fluency is now non-negotiable*. As advertising becomes more automated and algorithmic, brand managers must grasp digital tools, analytics, and platforms, from SEO to social APIs, to manage campaigns effectively and adapt to real-time shifts in the marketplace. This technological competence must be coupled with strategic vision, ensuring that digital innovations serve the brand's core goals rather than fragmenting its identity. In summary, modern brand management demands a *holistic, balanced approach that blends strategic rigor with creative flexibility*. Marketers must justify brand investments through robust models, balance competing priorities, master digital tools, and



continuously evolve their skills to meet the demands of a dynamic, data-driven, and emotionally complex branding environment.

#### Chapter summary

The challenges and complexities of the modern marketplace make efficient and effective marketing an imperative. The businesses that win in the twenty-first century will be those whose marketers successfully build, measure, and manage brand equity. This final chapter reviewed some of the important guidelines put forth in this text to help in that endeavour. Effective brand management requires consistent application of these guidelines across all aspects of the marketing program. Nevertheless, to some extent, rules are made to be broken, and the guidelines can be only a point of departure in the challenging process of creating a world-class brand. Each branding situation and application is unique and requires careful scrutiny and analysis about how best to apply, or perhaps in some cases ignore, these various recommendations and guidelines. Smart marketers will capitalise on every tool at their disposal—and devise new ones—in their relentless pursuit of brand preeminence.

### Special applications

In Chapter 1, the concept of "product" was defined broadly to include not just physical goods, but also services, retail stores, people, organisations, places, and ideas. While general branding principles apply across all these categories, specific types of products, such as online brands, industrial and business-to-business (B2B) products, and high-tech goods, pose unique challenges that require tailored strategies. For online brands, the *absence of physical presence means building strong brand awareness and recall is crucial*. Online branding must begin with the basics: establishing clear points-of-parity like convenience, price, and variety, along with points-of-difference such as excellent customer service, credibility, and personality. A common pitfall among failed dot-com ventures was the *rush to build brand identity without first laying a strong foundation*. Research shows that online service quality hinges on four main factors: *website design, fulfilment, customer service, and security*. Successful online brands, like Lands' End, have excelled by replicating the quality and service of their offline operations in digital form.

Brand identity online depends heavily on elements like a *simple, memorable URL and effective search strategies*. Since consumers don't physically encounter online brands as they would in a store, strategies to *reinforce recall*—such as evocative names like "Amazon Mom"—become even more important. Online brands also benefit from generating demand offline through integrated marketing communications. Techniques such as *sampling, traditional media advertising, public relations, and sponsorships can help pull consumers toward online platforms*.

Additionally, *brand partnerships can enhance credibility and visibility* if chosen strategically. For example, Seniors Club Online partnered with Reader's Digest to offer free magazines, helping drive engagement and build trust. Online environments also provide fertile ground for *relationship marketing*. Brands should take advantage of the internet's interactivity to create engaging, personalised experiences. Online communities, blogs, contests, and social platforms can foster loyalty and brand resonance, as seen in Amazon's use of personalised recommendations and detailed reviews.

For industrial and B2B products, branding takes on a different form due to the complex nature of product lines and the multi-layered purchasing process involving several stakeholders. A *corporate or family branding strategy* is often most effective, as it provides clarity across a wide



range of offerings. These companies, such as IBM and GE, often combine a well-known corporate name with descriptive product modifiers to help buyers navigate their product mix. Branding in B2B markets often emphasises *performance and cost-efficiency*, but non-product-related associations—such as prestige or the reputation of clients—can also influence buyer perceptions. Corporate credibility is especially critical in reducing perceived risk, which is why trusted names like IBM were once considered a safe bet in purchasing decisions. Marketing communications in B2B contexts tend to be more *direct and information-heavy*, often involving personal selling. However, these can be complemented with broader image-based messages to reinforce what the company stands for. B2B marketers can also boost brand credibility by highlighting their *association with reputable clients*, though care must be taken to keep the focus on the core brand message. *Careful customer segmentation is key*, as decision-making roles within buying centres vary. Engineers, accountants, and purchasing managers may evaluate products differently, so branding must address each group's specific expectations. Some stakeholders may value long-term trust and relationships, while others focus on technical performance and transactional ease. High-tech products—whether targeted at consumers or businesses—have their own set of challenges due to rapid innovation and short product life cycles. Many high-tech companies have learned that branding is essential; technical specifications alone rarely drive sales. Building brand awareness and a strong, meaningful brand image helps differentiate products in a market where features are often very similar. In these cases, emotional and symbolic associations like brand personality can be as important as technical performance. Credibility at the corporate or family brand level is vital in the high-tech space. Consumers need to believe not just in the product, but in the company's expertise and longevity. Company leaders, like Steve Jobs for Apple, often play a critical role in shaping this trust. Because consumers may struggle to judge the quality of complex tech products, they often rely on secondary associations like third-party endorsements or media reviews. Securing these endorsements requires genuine innovation and demonstrable product excellence. A common misstep in high-tech branding is *over-branding*—cluttering a product with too many brand names or endorsements, which can confuse consumers and dilute brand impact. Instead, companies should be strategic about when to introduce entirely new brands versus extensions of existing ones. Often, new tech products are launched using naming conventions that signal continuity or evolution—like numerical, alphabetical, or time-based modifiers. This approach helps manage brand portfolios efficiently while still allowing room for consumer understanding and loyalty. Importantly, brands must clearly differentiate items within a product family and plan brand migration strategies that keep pace with product development and market shifts.

In essence, while brand-building fundamentals apply universally, specific product categories require unique strategies. Whether branding for digital platforms, industrial buyers, or high-tech consumers, marketers must adapt their approach to suit the context, focusing on credibility, relevance, and a structured, responsive brand strategy.



Service branding has become much more sophisticated in recent years. Since services are intangible, consumers often struggle to evaluate their quality and rely on various cues—such as physical surroundings, staff appearance, and customer service interactions—to form impressions. Multiple dimensions influence perceptions of service quality, including tangibles, reliability, responsiveness, competence, trustworthiness, empathy, courtesy, and communication. Because people often make service decisions away from the service location, brand recall is critical. Strong brand elements like memorable names, distinctive logos, slogans, and even physical features of service environments help make intangible services more tangible and easier to recognize.

To reinforce these impressions, companies should communicate a clear organizational identity, projecting credibility, expertise, and trust. Marketing efforts such as advertising and online content should go beyond basic service encounters, telling a broader story about the brand's personality and values. Establishing a clear brand structure is also vital. Services can benefit from using family brands, individual sub-brands, and ingredient branding to target different segments or needs. For example, Delta uses Business Elite and SkyMiles to brand different facets of its offerings, while Hilton created Hilton Garden Inns to reach a budget-conscious audience. Retailers build brand equity both by leveraging manufacturer brands and creating their own strong brand associations. Successful retailers, like Walmart and Costco, combine low-price positioning with reliable service to shape clear brand identities. Branding can occur at multiple levels—from the store as a whole down to individual departments or in-store brands, as seen in Nordstrom's various clothing sections. This hierarchical approach allows for effective brand management across diverse offerings.

Retailers should also contribute to the equity of the products they carry by showcasing key differentiators and reinforcing favourable brand associations. But it's not just about the products—they must create their own distinct brand value by offering compelling shopping experiences, whether online, in-store, or across channels. As consumers increasingly shop across multiple platforms, retailers must ensure consistent, positive experiences at every touchpoint. That includes search, selection, payment, and delivery. However, over-branding can become a problem if too many private labels dilute the store's overall identity. To avoid this, it's better to consolidate around a few well-supported brands that can represent consistent values across categories.

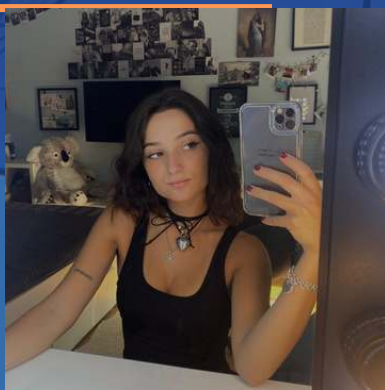
Small businesses face special challenges in branding due to limited budgets and resources. They must be focused and deliberate, often concentrating their efforts on building just one or two strong brands. Because they typically rely on fewer key differentiators, it's important to emphasise those in every interaction and across the marketing mix. Consistency is key, as is creativity—successful small businesses find unique, cost-effective ways to stand out.

Brand elements like names, logos, and packaging must work harder in small businesses to create awareness and convey meaning. Tactics like creative sampling, standout visuals, and personalised service can make a big difference. Small businesses also benefit from well-executed push and pull strategies: they need to get retailers interested (push) while also sparking consumer demand (pull), often with limited marketing budgets. Word-of-mouth, public relations, and low-cost promotions are especially effective in this environment.



Referral programs, like the one used by Dropbox, can dramatically grow a customer base, while selective sponsorship and targeted distribution can help build initial visibility and credibility. Content marketing—producing useful, engaging content like blogs, videos, or reports—is another powerful tool for small businesses to establish thought leadership and attract attention online. Finally, leveraging secondary associations, such as links to prestigious customers, respected locations, or industry awards, can help small businesses appear more credible and established than their size might suggest. A professional web presence can also go a long way in enhancing perceived brand stature.

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