Chapter Summaries

# Chapter 5 – Branding strategies

## Introduction

Branding is a major component of product strategy. The ability to develop and nurture effective brands is probably the single most important skill set within the marketer’s professional toolkit. Brands communicate valuable information to the customer, and a thorough understanding of what the brand signifies to the customer is an essential part of brand management.

## Which are the strongest brands and why?

What makes a brand stand out? Examples are presented to show how some brands find their way onto important brand rakings. Interbrands Best Global Brands for 2020 are presented and the criteria are discussed. Another example that is presented is The Centre for Brand Analysis’s top UK Consumer Superbrands for 2019. Finally, YPulse’s Top Cool Brands for Gen Z and Millennials for 2019 are displayed and explained.

## Branding tools and techniques

A brand represents different things to different constituencies, and the key is to understand what goes on inside the heads of customers to effectively manage brand equity. The management of an array of products for multiple target groups of consumers raises difficult questions for brand managers without a sophisticated set of brand assessment tools and techniques.

### Branding and functionality

At a base level, a brand is what identifies the company selling goods and/or services. It can be information-laden and helps the consumer make the choice to fill a particular need among a series of similar offerings. Brand can be thought of as having a variety of important facets that should be considered in assessing the full nature of the brand. First of all, a brand can be thought of as a product. Another important facet of brand deals with the connections between the brand and the company which creates the brand. A third level of branding can be seen in the brand possibly becoming synonymous with a particular person. The fourth possible level of branding is for the customer to see the brand as a symbol.

### Brand knowledge

Brand knowledge can be divided into two broad categories: brand awareness and brand image. Brand awareness refers to consumers’ ability to recognize or recall a brand from memory, and it can be further broken down into recognition and recall. Recognition occurs when consumers can match external stimuli to a particular brand. Recall involves retrieving the brand from memory when certain cues, such as the product category or the needs addressed by brands’ items in the category, are provided. Brand image refers to the set of ideas and feelings that consumers associate with a brand. Advertising messages, spokespeople and celebrities using or endorsing the brand, past experiences with the brand, all contribute to building a network of concepts that consumers associate with a brand.

### Brand identity

A brand has a core identity, which is its essence, and which remains constant. There is also an extended identity, which focuses on and links the brand to a series set of psychological and physical aspects that give it nuance and texture. A brand can be thought of as a product. Companies can often be found in conflict involving the brand as product, since the basic attributes and uses for the product should always be consistent with consumer perceptions and expectations engendered by the brand.

### Brand equity

Another interesting aspect associated with brand is the concept of brand equity, defined as a set of assets (as well as liabilities) connected to the name and symbols of the brand that adds to (or detracts from) the value of the product or service to a company and/or that company’s customers. The point is to compare brand assets to brand liabilities and maintain a strong and viable brand equity valuation.

*Brand architecture: a strategic management framework*

Firms have many different options facing them when it comes to brand choices, and it is important to lay the groundwork. The best framework to date is the concept of **brand architecture**, which looks at the brand portfolio as a complex structure with a variety of different types of brand roles and relationships. A description of the various choices under the concept of brand architecture is provided, and numerous modern examples are used to highlight the options. The advantages and disadvantages of each are provided.

## Industry cost structure: brand efficiency and profitability

Strategic brand decisions can have an important impact on firm financial performance, and there are a number of ways in which brand managers can improve brand performance from a cost and profitability perspective. Operational efficiencies can be achieved from such mechanisms as brand leveraging and co-branding, and there are some promising valuation mechanisms which can aid brand managers in achieving greater cost efficiencies.

### Brand leveraging

Strong brands often produce above-average returns for shareholders, and there is great pressure on brand managers to use the name recognition that accompanies a strong brand to increase potential sales and profits by attaching the name to other company offerings (Court, Leiter and Loch 1999). What are the potential advantages associated with brand leveraging? Brand extension is constantly luring businesses to tie new offerings to existing brands since the name recognition is already there, and the costs to build awareness are considerably lower than would be associated with new startup names. Another drawing point is the movement towards convergence as mergers and acquisitions are becoming more and more commonplace. Another reason for leveraging involves the heavy focus on building relationships between customers and brands since what the product has in terms of features and options is not as much an issue as the fact that they emotionally engage with the brand and feel a kinship.

### Co-branding

Co-branding involves the bringing together of two separate company brands to be marketed together to create a new joint offering with additional value for the customer. Examples would include such successful pairings as British Airways and Hertz, Adidas and the New Zealand Rugby Union, Starbuck’s Coffee and Barnes & Noble Bookstores, and Kellogg’s Cereals and Walt Disney. Co-branding may be a viable strategic option, but it requires a careful assessment of the potential candidates for partnering.

### Brand valuation mechanisms

There are three recent approaches to asset valuation from a financial resource perspective that may aid brand managers to achieve greater efficiencies. One of these involves the measurement of advertising turnover and was suggested by Herremans, Ryans, and Aggarwal (2000). The authors suggest two ratios for analysis to tie brand asset valuation to the efficiency and effectiveness of marketing expenditures: **advertising turnover** and **brand ROI**. The third and last of these new promising valuation measures is **brand health**, which was suggested by Berg, Matthews, and O’Hare (2007). The authors found that many brand managers were making mistakes when approaching brand strength by relying too often upon problematic measures.

### Customer Brand Involvement and Perceptual Connections

Companies have found that the key to brand success is to build strong relationships with customers by enhancing customer experiences with the brand, its personality, and its heritage. This involvement and relationship building can clearly be seen in innovative attempts to enhance customer experiences with the brand.

### Brand perceptual reinforcement and revitalization

Brand management must always take a long-term perspective in terms of brand equity and valuation. Any strategic decisions made in the short term can affect the future potential of the brand by impacting brand awareness and image. Keller suggests that effective brand management requires a long-term perspective with continuous reinforcement of brand meaning and, when necessary, brand revitalization. Change for the sake of change has the potential to undermine the brand’s position in the head of the consumer. The reinforcement of brand meaning depends on the types of brand associations in the heads of brand consumers. Revitalization requires a careful assessment of brand meaning and associations so that meaningful repositioning decisions can be made. This requires the implementation of a thorough **brand audit**.

### Brand strategy: the brand wheel

Given the complex nature of brands, a useful tool can give the brand manager a reasonable view of his or her brand/brands without inordinate amounts of complicated data acquisition and analysis. This is known as the brand wheel. An important distinction here to make is that features and benefits may create preference, but they will not necessarily ensure loyalty to the brand. Values and personality reflect the character of the brand and therefore offer the potential for loyalty.

Digital and social media for brand management

### Brand touch points and customer journey innovation

The mass diffusion of digital channels, platforms, and tools has dramatically increased consumers’ ability to acquire, compare, and evaluate information and access a wide range of market offerings. Brand managers now face the challenge of maintaining a consistent and relevant brand message and experience across a wide range of offline and online brand touch points. Combinations of different touch points form the customer journey, which refers to the stages and decisions that the customer experiences and undertakes to complete a purchase. Traditionally, this journey has included four key stages: 1) consideration, 2) evaluation, 3) purchase, and 4) enjoyment, advocacy, bonding.

*Social media and branding strategies*

Understanding how customers interreact with the different touchpoints in the customer journey is essential for brand managers to ensure that relevant, engaging, and effective brand messages are delivered consistently. Within this context, social media play a critical role in communicating and engaging with, customers and in building long-lasting relationships with them. However, generating engagement and stimulating interaction on social media can be challenging as customers are constantly bombarded by multiple brand messages.

### Lovemarks

One of the most interesting new views on branding is presented by Kevin Roberts, CEO for Worldwide Operations for Saatchi & Saatchi, in his 2004 book, Lovemarks: The Future Beyond Brands and later enhanced and expanded in his late 2006 book, The Lovemarks Effect: Winning in the Consumer Revolution. It is Roberts’ premise that branding itself is flawed since brands are not actually making strong emotional connections with people.

### Scent branding and brand vulgarity

Scent branding is the adding of smell to a brand. It is a powerful mechanism which can create immediate and powerful emotional connections with consumers. It is an important part of their brand personality, along with other ambience elements such as lighting, colours, decorations, and background music. Brand vulgarity involves the use of expletives and derogatory terms in the naming developed for a company. This is a rapidly growing practice which acts as a powerful agent to cut through brand clutter, enhancing the chance that consumers will take notice. The issue here is that culture and the use of vulgarities changes over time, and this will ultimately have an impact on social acceptance or rejection of certain words.