CHAPTER 1:
BRANDS & BRAND MANAGEMENT

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What is a brand?

- For the American Marketing Association (AMA), a brand is a "name, term, sign, symbol, or design, or a combination of them, intended to *identify* the goods and services of one seller or group of sellers and to *differentiate* them from those of competition."
- These different components of a brand that identify and differentiate it are *brand elements*.

What is a brand?

- Many practicing managers refer to a brand as more than that—as something that has actually created a certain amount of *awareness, reputation, prominence,* and so on in the marketplace.
- We can make a distinction between the AMA definition of a "brand" with a small b and the industry's concept of a "Brand" with a capital b.

Brands vs. Products

- A *product* is anything we can offer to a market for attention, acquisition, use, or consumption that might satisfy a need or want.
- A *product* may be a physical good, a service, a retail outlet, a person, an organization, a place, or even an idea.

Five Levels of Meaning for a Product

- The *core benefit level* is the fundamental need or want that consumers satisfy by consuming the product or service.
- The *generic product level* is a basic version of the product containing only those attributes or characteristics absolutely necessary for its functioning but with no distinguishing features. This is basically a stripped-down, no-frills version of the product that adequately performs the product function.
- The *expected product level* is a set of attributes or characteristics that buyers normally expect and agree to when they purchase a product.
- The *augmented product level* includes additional product attributes, benefits, or related services that distinguish the product from competitors.
- The *potential product level* includes all the augmentations and transformations that a product might ultimately undergo in the future.

- A brand is therefore more than a product, as it can have dimensions that differentiate it in some way from other products designed to satisfy the same need.

- Some brands create competitive advantages with product performance; other brands create competitive advantages through non-product-related means.

Why do brands matter?

- What functions do brands perform that make them so valuable to marketers?

Importance of Brands to Consumers

- Identification of the source of the product
- Assignment of responsibility to product maker
- Risk reducer
- Search cost reducer
- Promise, bond, or pact with product maker
- Symbolic device
- Signal of quality

Reducing the Risks in Product Decisions

- Consumers may perceive many different types of risks in buying and consuming a product:
- *Functional risk*—The product does not perform up to expectations.
- *Physical risk*—The product poses a threat to the physical well-being or health of the user or others.
- *Financial risk*—The product is not worth the price paid.
- *Social risk*—The product results in embarrassment from others.
- *Psychological risk*—The product affects the mental well-being of the user.
- *Time risk*—The failure of the product results in an opportunity cost of finding another satisfactory product.

Importance of Brands to Firms

- To firms, brands represent enormously valuable pieces of legal property, capable of influencing consumer behavior, being bought and sold, and providing the security of sustained future revenues.

Importance of Brands to Firms

- Identification to simplify handling or tracing
- Legally protecting unique features
- Signal of quality level
- Endowing products with unique associations
- Source of competitive advantage
- Source of financial returns

Can everything be branded?

- Ultimately a brand is something that resides in the minds of consumers.
- The key to branding is that consumers perceive differences among brands in a product category.
- Even commodities can be branded:
  - Coffee (Maxwell House), bath soap (Ivory), flour (Gold Medal), beer (Budweiser), salt (Morton), oatmeal (Quaker), pickles (Vlasic), bananas (Chiquita), chickens (Perdue), pineapples (Dole), and even water (Perrier)

An Example of Branding a Commodity

- De Beers Group added the phrase "A Diamond Is Forever"

What is branded?

- Physical goods
- Services
- Retailers and distributors
- Online products and services
- People and organizations
- Sports, arts, and entertainment
- Geographic locations
- Ideas and causes

Source of Brands Strength

- "The real causes of enduring market leadership are *vision and will*. Enduring market leaders have a revolutionary and inspiring vision of the mass market, and they exhibit an indomitable will to realize that vision. They persist under adversity, innovate relentlessly, commit financial resources, and leverage assets to realize their vision."

Gerald J. Tellis and Peter N. Golder, "First to Market, First to Fail? Real Causes of Enduring Market Leadership," *MIT Sloan Management Review*, 1 January 1996

Importance of Brand Management

- The bottom line is that any brand—no matter how strong at one point in time—is ~~vulnerable~~, and susceptible to poor brand management.

What are the strongest brands?

Top Ten Global Brands

	Brand	2006 ($Billion)	2005 ($ Billion)
1.	Coca-Cola	67.00	67.53
2.	Microsoft	56.93	59.94
3.	IBM	56.20	53.38
4.	GE	48.91	47.00
5.	Intel	32.32	35.59
6.	Nokia	30.13	26.45
7.	Toyota	27.94	24.84
8.	Disney	27.85	26.44
9.	McDonald's	27.50	26.01
10.	Mercedes-Benz	21.80	20.00

Branding Challenges and Opportunities

- Savvy customers
- Brand proliferation
- Media fragmentation
- Increased competition
- Increased costs
- Greater accountability

The Brand Equity Concept

- No common viewpoint on how it should be conceptualized and measured
- It stresses the importance of brand role in marketing strategies.
- Brand equity is defined in terms of the marketing effects uniquely attributable to the brand.
  - Brand equity relates to the fact that different outcomes result in the marketing of a product or service because of its brand name, as compared to if the same product or service did not have that name.

Strategic Brand Management

- It involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity.
- The *Strategic Brand Management Process* is defined as involving four main steps:

1. Identifying and establishing brand positioning and values
2. Planning and implementing brand marketing programs
3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity

Strategic Brand Management Process

Steps	Key Concepts
Identify and establish brand positioning and values	Mental maps Competitive frame of reference Points-of-parity and points-of-difference Core brand values Brand mantra
Plan and implement brand marketing programs	Mixing and matching of brand elements Integrating brand marketing activities Leveraging of secondary associations
Measure and interpret brand performance	Brand value chain Brand audits Brand tracking Brand equity management system
Grow and sustain brand equity	Brand-product matrix Brand portfolios and hierarchies Brand expansion strategies Brand reinforcement and revitalization