BRANDING AND MARKETING PROMOTION STRATEGIES (Part II)

- Core Text: Strategic Brand Management

By

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CHAPTER 9

MEASURING SOURCES OF BRAND EQUITY: CAPTURING MINDSET

Ref: Chapter 9 of Core Text

Qualitative Research Techniques

- Free Association
- Projective Techniques
- Brand Personality and Values
- Experiential Methods

Ref: Chapter 9 of Core Text

Qualitative Research Techniques (1)

- **Free Association:** **The purpose of free association tasks is to identify the range of possible brand associations in consumers' minds in terms of relative strength, favorability, and uniqueness of brand associations. Questions should be framed to give relevant feedback.**
- **Guidelines:** **The two main issues are:**

  1. How to set up questions in terms of the types of probes to be given to subjects.

  2. How to code and interpret the resulting data.

Ref: Chapter 9 of Core Text

<u>Qualitative Research Techniques(2)</u>

- **<u>Projective Techniques</u>: "*Projective techniques* are diagnostic tools to uncover the true opinions and feelings of consumers when they are unwilling or otherwise unable to express themselves on the subject matter(s)."**
- ***<u>Completion and Interpretation Tasks</u>:***

  "Fill in the Bubble" approach for analysis.
- ***<u>Comparison Tasks:</u> Consumers convey their impressions by comparing brands to people, countries,animals, activities, and so on. These responses indicate brand imagery/associations.***

<u>Ref: Chapter 9 of Core Text</u>

Qualitative Research Techniques (3)

- **Brand Personality and Values:** **A simple way to measure brand personality is to solicit open-ended responses to questions linking the brand to persons, animals, and objects.**
- ***The Big Five:*** ***A research project conducted in the U.S. reflected the following factors of brand personality:***

  1. Sincerity 2. Excitement 3.Competence

  4. Sophistication 5. Ruggedness

Ref: Chapter 9 of Core Text

Qualitative Research Techniques (4)

- **Experiential Methods:** Researchers are attempting to improve the effectiveness of their qualitative approaches & go beyond traditional qualitative techniques to research consumers in their natural environment. By tapping more directly into their actual home, work, or shopping behaviors, they may be able to elicit more meaningful responses from consumers.

  As markets become more competitive and many brand differences are threatened, any insight that helps to support a stronger brand positioning or create a stronger link to consumers is seen as indispensable.

Ref: Chapter 9 Of Core Text

Quantitative Reasearch Techniques

- Awareness
- Image
- Brand Responses
- Brand Relationships

Ref: Chapter 9 of Core Text

Quantitative Research Techniques (1)

- **Awareness:** **Brand awareness is related to the strength of the brand in memory, as reflected by consumers' ability to identify various brand elements.**
  - ✓ ***Recognition:*** ***Relates to consumers' ability to identify the brand under different circumstances***
  - ✓ ***Recall:*** ***'Unaided recall' implies identification with minimal cues. 'Aided recall' uses various cues to assist recall.***
  - ✓ ***Corrections for Guessing:*** ***Research measure must consider the issue of consumers 'making up' responses or 'guessing'. These may affect strategic brand decisions.***
  - ✓ ***Strategic Implications:*** ***Understanding recognition and recall is essential in analyzing formation of consideration sets & product decisions made by consumers.***

Ref: Chapter 9 of Core Text

Quantitative Research Techniques (2)

- **Image:** **This relates to the lower-level consumer perceptions of specific performance and imagery attributes. Quantitative research approaches are useful in identifying the different types of specific brand associations making up the brand image.**
- ***Scaling Considerations:*** ***Different scales can be constructed e.g. Absolute or comparative, spatial or numerical etc.***
- ***Other approaches:*** ***More complex methods such as MDS (Multidimensional scaling), Conjoint Analysis, and Perceptual Mapping, are also used for the purpose of assessing brand image associations.***

Ref: Chapter 9 of Core Text

Quantitative Techniques (3)

- **Brand Responses:** **These are assessed by measuring higher level considerations (judgments and feelings) to find out how consumers combine lower-level considerations about the brand in their minds to form different types of brand responses/evaluations.**
- ***Purchase Intentions:*** ***Research in consumer behavior suggests that purchase intentions are most likely to be predictive of actual purchase when there is correspondence between the two in the following categories: 1. Action(buying for own use or as gift)***

  2. Target (Specific product or brand) 3. Context (Type of store based on prices) 4. Time (within week/month/year).

Ref: Chapter 9 of Core Text

Quantitative Techniques (4)

- **Brand Relationships:** **The following dimensions need consideration:**
  - ***Behavioral Loyalty:*** ***To estimate brand usage and behavioral loyalty,consumers may be asked questions regarding previous purchases of the brand and the planned next purchases of the brand. These measures could be open ended, dichotomous, or multiple choice, or rating scales.***
  - ***Brand Substitutability:*** ***Higher the repeat purchases, greater the brand equity, and lesser the level of brand substitutability.***

Ref: Chapter 9 of Core Text

CHAPTER 10

MEASURING OUTCOMES OF BRAND EQUITY: CAPTURING CUSTOMER MINDSET

Ref: Chapter 10 of Core Text

Comparative Methods

- ***Brand-Based Comparative Approaches:*** **One panel of consumers responds to an element of the marketing program attributed to the target brand. Another panel responds to the same element but attributed to a competitive or fictitious brand.**
- ***Marketing-Based Comparative Approaches:*** **This approach uses experiments in which consumers respond to changes in elements of the marketing program or marketing activity for the target brand or competitive brands.**
- ***Conjoint Analysis:*** **This is a survey-based multivariate technique that enables marketers to profile the consumer decision process with respect to products and brands**

Ref: Chapter 10 of Core Text

Holistic Methods

- Holistic Methods attempt to place an overall value on the brand in either abstract utility terms or concrete financial terms.
- ✓ ***The Residual Approach:*** *This approach attempts to examine the value of the brand by subtracting consumers' preferences for the brand based on physical attributes alone from their overall brand preferences.*
- ✓ ***The Valuation Approach:*** *This approach attempts to place a financial value on brand equity for accounting purposes, mergers and acquisitions, or other such reasons.*

Ref: Chapter 10 of Core Text

CHAPTER 11

DESIGNING AND IMPLEMENTING BRANDING STRATEGIES

Ref: Chapter 11 of Core Text

The Brand-Product Matrix (1)

- **Breadth of a Branding Strategy:**
- ✓ ***Breadth of Product Mix*: Three factors determine the inherent attractiveness of a product category:**
  1. Aggregate market factors
  2. Category factors
  3. Environmental factors
- ✓ ***Depth of Product Mix:* "A product line is too short if the manager can increase long-term profits by adding items; the line is too long if the manager can increase profits by dropping items".**

Ref: Chapter 11 of Core Text

The Brand-Product Matrix (2)

- **Depth of a Branding Strategy:**
- ✓ ***Flankers:*** ***The purpose of flanker brands is to create stronger points of parity with competitors' brands so that more important and profitable flagship brands retain their desired positioning.***
- ✓ ***Cash Cows:*** ***Some brands of the firm retain loyal customers and generate healthy profits with virtually no market support. Financial resources for new product launches and mature brands of the firm are enabled by cash cows.***
- ✓ ***Low-end Entry-level / High-end Prestige Brands:*** ***The first category are called "traffic builders" and they are able to "trade up" customers to the higher-priced brands.***

Ref: Chapter 11 of Core Text

Brand Hierarchy

- ***Definition***: **"A *brand hierarchy* is a means of summarizing the branding strategy by displaying the number and nature of common and distinctive brand elements across the firm's products, revealing the explicit ordering of brand elements".**

- **A simple representation of possible brand elements and thus, potential levels of a brand hierarchy might be as follows:**

  1. ***Corporate brand e.g. Chrysler-Daimler***
  2. ***Family brand e.g. Mercedes-Benz***
  3. ***Individual Brand e.g. 1000 SEL***
  4. ***Modifier (designating item or model) LX / VX***

Ref: Chapter 11 of Core Text

<u>Brand Hierarchy (1)</u>

- **<u>Building Equity at Different Hierarchy Levels:</u>**
- ✓ ***<u>Corporate or Company Brand Level:</u> Corporate brand equity can be defined as " the differential response by consumers, employees, other firms, or any relevant constituents to the words, actions, communications, products or services provided by an identified corporate brand entity".***
- ✓ ***<u>Family Brand Level:</u> These brands are applied across a range of product categories. The main difference is that family brands are distinct from company/corporate brands and hence company-level associations may be less salient.***

<u>Ref: Chapter 11 0f Core Text</u>

Brand Hierarchy (1 contd)

- **Building Equity at Different Hierarchy Levels:**
  - ***Individual Brand Level:*** ***The main advantage of creating individual brands is that all supporting marketing activities can be customized to meet the needs of specific customer groups. The disadvantages are the difficulty, complexity, and expense involved in developing separate marketing programs to build sufficient levels of brand equity.***
  - ***Modifier Level:*** ***Regardless of whether corporate, family, or individual brands are employed, it is often necessary to further distinguish brands according to the different types of items or models involved.***
  - ***Product Descriptor:*** ***It helps consumers understand what the product does and also helps to define the relevant competition in consumers' minds.***

Ref: Chapter 11 of Core Text

Brand Hierarchy (2)

- **Corporate Image Dimensions:** **Before setting up the brand hierarchy, it is necessary to consider the types of associations that may exist at the corporate or company brand level.**
- ✓ ***Common Product Attributes, Benefits,or Attitudes:*** ***Two specific product-related corporate image associations deserve attention:***

  1. High-quality image association-involves the creation of consumer perceptions that a company makes products of the highest quality.

  2. Innovative corporate image association-involves the creation of consumer perceptions of a company as developing new and unique marketing programs, with respect to product introductions and improvements.

Ref: Chapter 11 of Core Text

Brand Hierarchy (2 contd)

- **Corporate Image Dimensions (contd):**
  - ***People and Relationships:*** ***Corporate image associations may reflect traits and characteristics of the employees of the company. Thus, a "customer-focused corporate image association" involves the creation of consumer perceptions of a company as being responsive to and caring about its customers.***
  - ***Values and Programs:*** ***Companies can run corporate image ad campaigns communicating to consumers, employees, and others the philosophy and actions of the company with regard to social, political, organizational, or economic issues.***
  - ***Corporate Credibility:*** ***This is dependent on three factors:***

    1. Corporate Expertise 2. Corporate Trustworthiness

    3. Corporate Likability

Ref: Chapter 11 of Core Text

Designing a Branding Strategy

Designing a brand hierarchy and brand strategy involves decisions related to the following:

1.Number of levels of the brand hierarchy

2. Desired awareness and image at each level

3. Combining brand elements from different levels

4. Linking brand elements to multiple products

Ref: Chapter 11 of Core Text

Designing a Branding Strategy (contd)

1. Number of Levels of Brand Hierarchy: A company can employ the *principle of simplicity* which is base on the need to provide the right amount of branding information to consumers-no more and no less. The desired number of levels of the brand hierarchy depends on the complexity of the product line or product mix associated with the brand.
2. Desired Awareness and Image at each Level: Two principles may be employed here: Firstly, the *principle of relevance* based on the advantages of efficiency and economy: creating associations that are relevant to as many brands nested at the level below, especially at corporate or family brand level. Secondly, the *principle of differentiation* that aims at distinguishing brands at the same level as distinctly as possible.

Ref: Chapter 11 of Core Text

Designing a Branding Strategy (contd)

3. Combining Brand Elements from Different Levels: C*orporate-product relationships* are defined as "the approach a firm follows in communicating the relationship of its products to one another and to the corporate entity". The *principle of prominence* applies: the relative prominence of brand elements affects the perceptions of product distance and the type of image created for new products. Five possible categories can be identified in this context:

i) ***Single entity*** *: One product line or set of services.*

ii) ***Brand Dominance****: Little or no relation to corporate name.*

iii) ***Equal Dominance****: Separate images for products but associated with the corporate name.*

iv) ***Mixed Dominance****: Some individual product brands are prominent and sometimes the corporate name is dominant.*

v) ***Corporate Dominance****: The corporate name is supreme.*

Ref: Chapter 11 of Core Text

Designing a Branding Strategy (contd)

4. Linking Brand Elements to Multiple Products: There are many different ways to connect to connect a brand element to multiple products. The *principle of commonality* states that "more the common brand elements shared by products, the stronger the linkages between the products". A relationship between a brand and multiple products can also be made with common symbols.

5. Adjustments to the Marketing Program: Two potentially useful marketing communication strategies to build brand equity at the corporate brand or family brand level are:

i) Corporate Image campaigns, and

ii) Brand Line Campaigns

Ref: Chapter 11 0f Core Text

CHAPTER 12

INTRODUCING AND NAMING NEW PRODUCTS AND BRAND EXTENSIONS

Ref: Chapter 12 of Core Text

New Products and Brand Extensions

- **When a firm introduces a new product, it has three main choices as to how to brand it:**

  1. It can develop a new brand, individually chosen for the new product.

  2. It can apply in some way, one of its existing brands.

  3. It can use a combination of a new brand with an existing brand.

Ref: Chapter 12 of Core Text

New Products and Brand Extensions (Contd)

- **A *brand extension* is when a firm uses an established brand name to introduce a new product. Brand extensions can be broadly classified into two general categories:**

  1. Line Extension: The parent brand is used to brand a new product that targets a new market segment within a product category currently served by the parent brand.

  2. Category Extension: The parent brand is used to enter a different product category from that currently served by the parent brand.

Ref: Chapter 12 of Core Text

New Products and Brand Extensions (contd)

Ansoff's Growth Share Matrix

	Current Products	New Products
Current Markets	Market Penetration Strategy	Product Development Strategy
New Markets	Market Development Strategy	Diversification Strategy

Ref: Chapter 12 of Core Text

Advantages of Extensions

Well-planned and well-implemented extensions offer a number of advantages to marketers. These advantages can broadly be categorized as:

1. Those that facilitate new product acceptance, and

2. Those that provide feedback benefits to the parent brand and company.

Ref: Chapter 12 of Core Text

Advantages of Extensions (1)

- **1. Facilitate Product Acceptance:**
- ***Improve brand Image***
- ***Reduce risk perceived by customers***
- ***Increase the probability of gaining distribution and trial***
- ***Increase efficiency of promotional expenditures***
- ***Reduce costs of introductory and follow-up marketing programs***
- ***Avoid cost of developing a new brand***
- ***Allow for packaging and labeling efficiencies***
- ***Permit consumer variety-seeking***

Ref: Chapter 12 of Core Text

Advantages of Extensions (2)

- **Provide Feedback benefits to the Parent Brand and Company:**
  - ***Clarify brand meaning***
  - ***Enhance the parent brand image***
  - ***Bring new customers into brand franchise and increase market coverage***
  - ***Revitalize the brand***
  - ***Permit subsequent extensions***

Ref: Chapter 12 of Core Text

Disadvantages of Brand Extensions

Despite the many potential advantages, brand extensions have a number of disadvantages. These are:

- ***Can confuse or frustrate consumers***
- ***Can encounter retailer resistance***
- ***Can fail and hurt parent brand image***
- ***Can succeed but cannibalize sales of parent brand***
- ***Can succeed but diminish identification any one category***
- ***Can succeed but hurt the image of parent brand***
- ***Can dilute brand meaning***
- ***Can cause the company to forgo the chance to develop a new brand***

Ref: Chapter 12 0f Core Text

Evaluating Brand Extension Opportunities

- **Research and industry experience have revealed a number of principles concerning introduction of brand extensions. Managerial judgment *and* consumer research should be employed to help make decisions. The following steps serve as useful guidelines:**

  1. Define actual and desired consumer knowledge about the brand.

  2. Identify possible extension candidates.

(contd)

Ref: Chapter 12 0f Core Text

Evaluating Brand Extension Opportunities (contd)

3. Evaluate the potential of the extension candidate.

4. Evaluate extension candidate feedback

5. Consider possible competitive advantages.

6. Design marketing campaign to launch extension.

7. Evaluate extension success and effects on parent brand equity.

Ref: Chapter 12 of Core Text

Extension Guidelines Based on Academic Research

Brand extension research has received much attention from academics in recent years. Some of the important research conclusions that have emerged from the research are:

1. Successful brand extensions occur when the parent brand is seen as having favorable associations and there is a perception of fit between the parent brand and the extension product.

(contd)

Ref: Chapter 12 of Core Text

Extension Guidelines Based on Academic Research (contd)

2. There are many bases of fit: Product-related and non-product related attributes and benefits in regard to common usage situations or user types.

3. Depending on consumer knowledge of the product categories, perceptions of fit may be based on technical or manufacturing commonalities or more surface considerations such as necessary / situational complementarity.

(contd)

Ref: Chapter 12 of Core Text

Extension Guidelines Based on Academic Research (contd)

4. High-quality brands stretch farther than average-quality brands, although both types of brands have boundaries.

5. A brand that is seen as prototypical of a product category can be difficult to extend outside the category.

6. Concrete attribute associations tend to be more difficult to extend than abstract benefit associations.

(contd)

Ref Chapter 12 of Core Text

Extension Guidelines Based on Academic Research (contd)

7. Consumers may transfer associations that are positive in the original product class but become negative in the extension context.

8. Consumers may infer negative associations about an extension, perhaps even based on other inferred positive associations.

9. It can be difficult to extend into a product class that is seen as easy to make.

10. A successful extension can not only contribute to the parent brand image but also enable a brand to be extended even farther.

(contd)

Ref: Chapter 12 of Core Text

Extension Guidelines Based on Academic Research (contd)

11. An unsuccessful extension hurts the parent brand only when there is a strong basis of fit between the two.

12. An unsuccessful extension does not prevent a firm from backtracking and introducing a more similar extension.

13. Vertical extensions can be difficult and often require sub-branding strategies.

14. The most effective advertising strategy for an extension is one that emphasizes information about the extension, rather than reminders about the parent brand.

Ref: Chapter 12 of Core Text

CHAPTER 13

MANAGING BRANDS OVER TIME

Ref: Chapter 13 of Core Text

MANAGING BRANDS OVER TIME

Consumer response to PAST marketing activity → Brand Awareness & Brand Image → Consumer response to CURRENT marketing activity → CHANGED Brand Awareness & Brand Image → Consumer response to FUTURE marketing activity

FIG: UNDERSTANDING THE LONG TERM EFFECTS OF MARKETING ACTIONS ON BRAND EQUITY

MANAGING BRANDS OVER TIME: REINFORCING BRANDS

- ***Maintaining Brand Consistency***
  - **Market Leaders and Failures**
  - **Consistency and Change**
- ***Protecting Sources of Brand Equity***
- ***Fortifying versus Leveraging***
- ***Fine-tuning the Supporting Marketing Program***
  - **Product-Related Performance Associations**
  - **Non Product-Related Imagery Associations**

Ref: Chapter 13 of Core Text

MANAGING BRANDS OVER TIME: REVITALIZING BRANDS

- ***Expanding Brand Awareness***
- **Identifying Additional or New Usage Opportunities**
- **Identifying New and Completely Different Ways to Use the Brand**
- ***Improving Brand Image***
- **Repositioning the Brand**
- **Changing Brand Elements**
- ***Entering New Markets***

Ref: Chapter 13 of Core Text