

Chapter 3

BRAND ADOPTION, BRAND NAMING, AND INTELLECTUAL PROPERTY ISSUES

Chapter Objectives

After reading this chapter, you should be able to:

1. Appreciate marcom's role in facilitating the introduction of new brands.
2. Explain the innovation-related characteristics that influence adoption of new brands.
3. Understand the role performed by brand names in enhancing the success of new brands.
4. Explain the activities involved in the brand-naming process.
5. Appreciate the role of logos.
6. Describe the intellectual property rights associated with brands: patents, copyrights, and trademarks.

Chapter Overview

This chapter begins by discussing general factors that influence the likelihood that new products will be adopted and diffused among potential customers. The Brand Adoption Process indicates three main stages through which an individual becomes an adopter of a product: (1) awareness class, (2) trier class, and (3) repeater class. Marcom's role in influencing consumers is discussed. The product characteristics of (1) relative advantage, (2) compatibility, (3) complexity, (4) trialability, and (5) observability are discussed.

The next section of the chapter covers brand naming. Requirements of a good brand name include: (1) distinguish the brand from competitive offerings, (2) facilitate consumer learning of brand associations, (3) achieve compatibility with a brand's desired image and with its product design or packaging, and (4) be memorable and easy to pronounce. The brand naming process is also discussed: (1) specify objectives for the brand name, (2) create candidate brand names, (3) evaluate candidate names, (4) choose a brand name, and (5) register a trademark. The role of logos is briefly discussed.

The final section reviews the types of intellectual property rights including patents, copyrights, and trademarks.

Chapter Outline

Marcom Insight

Goodwill Boutiques: Thrifty Brand Takes Off

Goodwill Industries stores were once seen as a necessity for families to make ends meet. Yet times have changed. In 2014, the sales revenue from the resale market reached \$9.2 billion, with D.C.-based Goodwill stores accounting for \$4 billion annually. Currently, they have 165 store locations in the United States and eight other countries with 42.6 percent market share of the U.S. thrift category. An important reason for the Goodwill brand resurgence is the opening of 60 sleek resale boutiques. The ultimate objective of Goodwill's boutique-store strategy is to focus on (1) high-end shoppers who have never been to a Goodwill store before and (2) existing thrift store shoppers who want a better shopping experience. As a nonprofit, Goodwill Industries' mission is to "enhance the dignity and quality of life of individuals and families by helping people reach their full potential through education, skills training, and the power of work." In order to keep Goodwill's social mission running and the boutique-store model viable, they have focused on making the donation of high-end clothes and goods easy and appealing.

3-1 Introduction

Facilitating the successful introduction of new brands is an important part of the success of a company.

3-2 Marcom and Brand Adoption

The acceptance of new ideas, including new brands, has been traditionally referred to as *product adoption*. The process of brand adoption occurs when consumers and B2B customers become aware of new brands, undertake trial purchases, and possibly become repeat buyers. The Brand Adoption Process is shown in Figure 3.1. Figure 3.2 features the FordPass app and demonstrates the Brand Adoption Process. The process includes three classes: awareness, trier, and repeater.

- Make customers aware ("Awareness Class) of the new product's existence with free samples and coupons, trade shows and personal selling, advertising and social media, and distribution.
- Induce customers to try (Trier Class) the product with coupons, distribution, and price. The **trier class** is the group of consumers who actually try a new product, the second step in which an individual become a new brand consumer.
- Ensure repeat (**Repeater Class**) purchases, which is a function of five primary forces: personal selling, advertising and social media, price, distribution, and product satisfaction.

3-2a Brand Characteristics That Facilitate Adoption

There are five brand characteristics that influence the likelihood of adoption. These are shared below.

Relative advantage is the degree to which consumers perceive a new brand as being better than existing alternatives with respect to specific attributes or benefits. Relative advantages exist to the extent that a new product offers (1) better performance compared to other options, (2) savings in time and effort, or

(3) immediacy of reward. Figure 3.3 shows an ad that illustrates relative advantage.

Compatibility is the degree to which an innovation is perceived to fit into a person's way of doing things. A new product is more compatible to the extent that it matches consumers' needs, personal values, beliefs, and past consumption practices.

Complexity refers to an innovation's degree of perceived difficulty. The more difficult an innovation is to understand or use, the slower the rate of adoption.

Trialability is the extent to which an innovation can be used on a limited basis prior to making a full-blown commitment. In general, new brands that lend themselves to trialability are adopted at a more rapid rate. Trialability is tied closely to the concept of perceived risk, and the trial experience serves to reduce the consumer's risk of being dissatisfied.

Observability is the degree to which the product user or other people can observe the positive effects of new-product usage. In general, innovations that are high in observability/visibility lend themselves to rapid adoption if they also possess relative advantages. Figure 3.4 shows an ad that illustrates observability.

3-2b Quantifying the Adoption-Influencing Characteristics

Table 3.1 illustrates a procedure for quantifying the likely adoptability of a brand based on the five characteristics.

3-3 Brand Naming

Choosing a brand name is an important decision because it can influence early trial of a new brand and affect future sales volume. Brand names have been described as "cerebral switches" that activate images in target audiences' collective minds. A brand name affects the speed at which consumers become aware of the brand, influences brand image, and plays a major role in brand equity formation.

3-3a What Constitutes a Good Brand Name?

Requirement 1: Distinguish the Brand from Competitive Offerings

Failure to distinguish a brand from competitive offerings creates consumer confusion and increases the chances that consumers will not remember the name or will mistakenly select another brand. The Federal Trademark Dilution Act of 1995 protects owners of brand names and logos from other companies using the identical or similar names. The objective of the legislation is to ensure that trademarks are not at risk of losing distinctiveness.

Requirement 2: Facilitate Consumer Learning of Brand Associations

Brand names serve as *memory cues* that facilitate recall of product attributes and benefits and also predict product performance.

- Brand Name Suggestiveness – implies particular attributes or benefits in the context of a product category (e.g., Healthy Choice).
- Made-Up Brand Names – (i.e., created or fabricated) are not actual words. They may be *morphemes* which are semantic kernels of words (e.g., Compaq, Acura).
- Sound Symbolism and Brand Naming – research shows that sound symbolism plays a major role in determining how consumers react to brand names and form judgments about brands. Individual sounds called *phonemes* are the basis for brand names. They can provide meaning about the brand through *sound symbolism*.

Requirement 3: Achieve Compatibility with a Brand’s Desired Image and with Its Product Design or Packaging

It is important that the name chosen for a brand be compatible with a brand's desired image and also with its design or packaging. However, even a good brand name cannot save a product that eventually fails to appeal to its intended target audience.

Requirement 4: Be Memorable and Easy to Pronounce

Many brand names are short, one-word names that facilitate ease of memory and pronunciation (e.g., Tide, Bounce, Pledge).

Some Exceptions to the “Rules”

Some brands become successful in spite of their names (i.e., the first brand in a new product category). Some companies intentionally use an initially meaningless brand name (called the *empty-vessel philosophy*) and attempt to build positive associations to the new name.

3-3b The Brand-Naming Process

Figure 3.5 lists the steps in the brand-naming process.

Step 1: Specify Objectives for the Brand Name

The initial step is to identify the objectives to be accomplished.

Step 2: Create Candidate Brand Names

Brand-name candidates are often selected using creative-thinking exercises and brainstorming sessions.

Step 3: Evaluate Candidate Names

The many names generated are evaluated using a number of criteria.

Step 4: Choose a Brand Name

Managers use the criteria noted in steps 1 and 3 to select a final name from the candidate field.

Step 5: Register a Trademark

Most companies apply for a trademark registration.

3-3c The Role of Logos

Design elements, or *logos*, are a shorthand way of identifying a brand. Figure 3.6 presents a collection of six famous logos. Consumers learn logos and easily recognize products upon which a known logo is emblazoned. Good logos (1) are recognized readily, (2) convey essentially the same meaning to all target members, and (3) evoke positive feelings. The best strategy for enhancing likeability of a logo is to choose a design that is moderately elaborate rather than too simple or too complex. Figure 3.7 shows a natural design logo.

Updating Logos

Over time, logos become dated and should be updated to reflect the times. Figure 3.8 shows the changing faces of the Betty Crocker logo.

3-4 Intellectual Property

Intellectual property refers to a number of different author or company creations for which a set of exclusive rights are recognized under law. Common types of intellectual property include patents, copyrights, and trademarks.

3-4a Patents

A **patent** permits an author or a firm to secure a monopoly or exclusive rights to the use of an invention for a period of 20 years, which is generally not renewable. There are three types of patents: utility, design, and plant. A *utility* patent is the most frequent type of patent. The utility category includes patents for inventions such as biological, business method, chemical, and software patents. *Design* patents protect the appearance or shape. *Plant* patents offer protection for discovery of certain naturally occurring and previously uncultivated plants. Patent applications are filed with the Patent & Trademark Office (www.uspto.gov).

3-4b Copyrights

A **copyright** is a set of exclusive rights, not for an actual idea or invention, but for the form in which something is expressed. It should be in a tangible medium. The focus of the copyright protection is on the originality of the expression by the owner. Registration is not required but the work should be registered with the Copyright Office of the Library of Congress (www.copyright.gov) to receive these rights. A U.S. copyright is granted for the life of the author plus 70 years, or if “work for hire,” 90 years from the date of publication or 120 years from creation, whichever happens first. There are limits. The *fair use* doctrine (section 107 of 1976 Copyright Act) states that the use of the copyrighted work for the purpose of criticism, comment, news reporting, teaching, scholarship, or research is not an infringement of a copyright. Another important defense is the *lack of use for commercial purposes*. But the Digital Millennium Copyright Act prohibits the manufacture, importation, or distribution of devices whose intended use, or only

significant commercial use, is to bypass an access or copy control put in place by a copyright holder.

3-4c Trademarks

A **trademark** is a distinctive sign, or an indicator used by an individual, business organization, or other legal entity to identify the goods or services to consumers with which the trademark appears and to distinguish its goods and services from competition. A trademark typically is a name, word, phrase, logo, symbol, design, image, or combination of these elements. **Trade dress** may encompass these as well as unconventional categories such as associations of the brand with color, smell, sounds, etc. A company can lose a trademark if the mark becomes a common descriptive work. Trademark dilution and trademark disparagement cases do arise.



MindTap Resources

MindTap® is a digital learning solution that helps students improve retention and critical thinking skills by customizing learning experiences, providing mobile access, and the ability to track individual performance. It helps students better manage time and prepare more thoroughly for exams, providing detail and context beyond classroom lectures.

MindTap Insights Online highlight the latest marketing and advertising developments. These engaging features in MindTap draw students' attention to a variety of brilliant ads that illustrate key IMC concepts at work within real company situations.

MindTap support materials for Chapter 3 include:

- **End-of-chapter quizzes** reinforce the learning objectives and review the chapter content.
- Videos and articles from *Advertising Age* keep students up-to-date with marketing news and trends. Student explore the following topics in this chapter:
 - A Dog Brings Out the Best in George Washington in Pedigree's Moving Film
 - Leo Clow: What is Creativity?
- **Insights Online** explore real-world examples of concepts discussed in the chapter. Topics for this chapter include:
 - Ride-Sharing Apps in China
 - Tooth Tunes

Answers to Discussion Questions

1. Sugar-substitute products have been available for years. The two historically leading brands in this category are Equal (blue package) and Sweet 'N Low (pink package). A yellow-packaged product named Splenda claims that it is “made from sugar, so it tastes like sugar.” Recent addition Truvia (white and green package) had claimed it was “naturally sweetened.” Using Splenda and Truvia for illustration, explain the process by which marketing variables may (or may not) influence consumers to become part of the awareness, trier, and repeater classes for this brand (refer to Figure 3.1).

Answer:

Using Splenda and Truvia for illustration, students should explain that awareness can be influenced by free samples and coupons, trade shows and personal selling (B2B), advertising, and distribution. Coupons, distribution, and price are the factors that affect the trier class. Repeat purchasing, demonstrated by the repeater class, is a function of five primary forces: personal selling, advertising, price, distribution, and product satisfaction.

2. What determines whether a new product or service has relative advantages over competitive offerings? Identify the relative advantages of each of the following: wearable sports cameras, electric automobiles, fitness trackers, smart TVs. Given that each of these products also has relative disadvantages compared to competitive products, present a general statement (i.e., a statement with universal applicability) that would explain why consumers are willing to adopt new products even though they almost invariably have relative disadvantages.

Answer:

A relative advantage is any product feature or benefit that consumers regard as meaningfully differentiating one brand or product from competitive options. The advantage may be a tangible product characteristic (e.g., durability) or be entirely subjective (e.g., prestige). In any event, relative advantage is what the consumer perceives and not just what the marketer considers to be an advantage. For example, one advantage of wearable sports cameras is the ability to achieve the primary product function of picture taking without having to worry about losing an expensive camera. The relative advantage of electric automobiles is no emissions, for fitness trackers the ease of monitoring one's health, and for smart TVs, it's the ability to stream more and varied content.

Students should develop a general statement along these lines: "All consumer behavior involves tradeoffs to one degree or another. Consumers accept some relative disadvantages provided the advantages are perceived as meaningfully outweighing the disadvantages. Furthermore, consumers are never all alike and subgroups will have specific functional and psychological needs better met by one product than another and thus they will differentially value specific benefits."

3. Pick a new brand of your choice and describe in detail how that brand satisfies, or fails to satisfy, the following success requirements: relative advantages, compatibility, complexity, trialability, and observability. Note: For the purposes of this assignment, it is better to select a

brand that represents an innovative product category rather than a simple extension of an established category.

Answer:

Student answers should realize that their view of a brand may not be the same as other potential members of a target market, or for different target markets. For example, a student may see no real differential advantage in a hybrid car other than savings on gas. However the psychological benefit of feeling “green” might be positive to a different type of customer. Another potential issue for students is choosing brands that they really like and/or choosing new brands with which the students are already familiar. This may cause them to miss how difficult the product’s benefits are to convey to potential consumers who are not familiar with the product and/or key benefits.

4. Can the stages in question 3 help explain how teens may start using products (e.g., e-cigs, cigarillos, hookah) that may have negative health consequences for them?

Answer:

Students should go through the steps of relative advantages, compatibility, complexity, trialability, and observability to demonstrate how these seemingly negative products can satisfy each of these success requirements. To meet the demands of relative advantage, the product must be perceived as being better than existing alternatives with respect to a specific attribute or benefit. The product is compatible if it is perceived to fit into a person's way of doing things. If the product is easy to understand or use, it would meet the complexity requirement. Because these products can be used on a limited basis prior to making a commitment, they fulfill the trialability stage. And use of the new product would be observable or visible, at least among peers, and therefore meets the demands of observability.

5. Assume you work for a company that is in the business of creating brand names for clients. One of your clients is a major automobile company. This company is in the process of introducing a new electric automobile to compete against Nissan’s all-electric Leaf and Chevy’s all-electric Bolt. Your task is to develop a name for this new automobile, either a real dictionary-word name or a made-up name along the lines of Lexus or Acura. Present and justify your choice of brand name.

Answer:

Students should be encouraged to follow the brand-naming process, which is (1) specify objectives for the brand name, (2) create candidate brand names, (3) evaluate candidate names, (4) choose a brand name, and (5) register a trademark.

While students will come up with a suggestion, they should be encouraged to satisfy four requirements of good brand names: (1) distinguish the brand from competitive offerings, (2) facilitate consumer learning of brand associations, (3) achieve compatibility with a brand’s desired image and with its product design or packaging, and (4) be memorable and easy to pronounce.

6. Perform the same exercise as in question 5, but now develop a brand name for a new brand of soy milk. Perhaps the best-known brand in this category is named Silk, which obviously is a conjunction of soy and milk.

Answer:

The answer in question 5 applies here as well, but this question is also getting at the concept of morphemes, which are semantic kernels of words.

7. Select a product category of personal interest and analyze the brand names for three competitive brands in that category. Analyze each brand name in terms of the fundamental requirements that were described in the chapter. Order the three brands according to which has the best, next best, and worst brand name. Support your ranking with specific reasons.

Answer:

The four requirements of good brand names are: (1) distinguish the brand from competitive offerings, (2) facilitate consumer learning of brand associations, (3) achieve compatibility with a brand's desired image and with its product design or packaging, and (4) be memorable and easy to pronounce.

8. Based on your personal experience in using smartphones, propose a design change for a new smartphone that, in your view, would make it a success among consumers in your age group. Based on the new attributes/benefits that your proposed smartphone would possess, provide a brand name for the phone and justify your rationale for this name.

Answer:

Student should recognize that a smartphone is essentially a package for audio-communications. Designs can be anything that reflect the changes students would like to see in smartphones.

For the brand name, as in question 7, students should justify their brand name using the requirements of a good brand name: (1) distinguish the brand from competitive offerings, (2) facilitate consumer learning of brand associations, (3) achieve compatibility with a brand's desired image and with its product design or packaging, and (4) be memorable and easy to pronounce.

9. A Boston diamond wholesaler developed a special way to cut diamonds that gives diamonds perfect symmetry and extra sparkle. The wholesaler developed a viewing device (called the proportion scope) that allows consumers to see a diamond with eight perfect hearts and eight arrows when they peer through the scope. The inventor of this specially cut diamond gave his gems the brand name Hearts on Fire. Evaluate this name by applying concepts from the chapter. Propose an alternative name.

Answer:

The four requirements of good brand names are: (1) distinguish the brand from competitive offerings, (2) facilitate consumer learning of brand associations, (3) achieve compatibility

with a brand's desired image and with its product design or packaging, and (4) be memorable and easy to pronounce.

Students should be encouraged to follow the brand-naming process, which is (1) specify objectives for the brand name, (2) create candidate brand names, (3) evaluate candidate names, (4) choose a brand name, and (5) register a trademark.

10. SUVs have names such as the Ford Explorer, Chevy Tahoe, Nissan Armada, Lincoln Navigator, Infinity QX-60, Jeep Wrangler, Toyota Highlander, Cadillac Escalade, and so on. Suppose you worked for an automobile company and that your company developed an SUV that was marketed as safer and more fuel efficient than other SUVs. What would you name this vehicle? What is your rationale for this name?

Answer:

Students should be encouraged to follow the brand-naming process, which is (1) specify objectives for the brand name, (2) create candidate brand names, (3) evaluate candidate names, (4) choose a brand name, and (5) register a trademark.

The four requirements of good brand names are: (1) distinguish the brand from competitive offerings, (2) facilitate consumer learning of brand associations, (3) achieve compatibility with a brand's desired image and with its product design or packaging, and (4) be memorable and easy to pronounce.

11. Identify several brand logos other than those illustrated in this chapter and indicate why, in your view, these are effective logos.

Answer:

Students should be able to identify logos that embody the rules of thumb generally associated with a good logo: (1) recognized readily, (2) convey the same meaning to all target members, and (3) evoke positive feelings. Students may also include elements such as color, shape, and proportions as contributing elements.

12. Search online for recent cases involving the following trademark infringements and lost trademark rights: trademark counterfeiting, trademark disparagement and/or dilution, and genericness (common descriptive work). What might have the trademark owners done differently to protect their rights in each case?

Answer:

Student responses will vary depending upon what cases they find and select for this exercise. The instructor should ensure that the students identify the factors which are commonly used to examine the likelihood of confusion in trademark cases and use those factors to help the students identify ways the brand could best protect its mark. These factors are sometimes referred to as the "Polaroid Factors," which include mark strength, degree of similarity to other marks, product proximity, mark quality, and buyer sophistication.