

## Chapter 3 Branding Strategy

### Learning Objectives

Students will be able to:

- Describe the concept of branding and the role it plays in marketing communications and other business-building programs
- Identify the various components of a brand
- Describe the benefits of branding for organizations and consumers
- Characterize the various stages of brand loyalty
- Describe the role and importance of brand positioning and its relationship to marketing communications plans
- Explain various brand positioning strategies commonly used in marketing communications
- Describe the role and influence of packaging and product design in the brand building process

### Chapter Highlights

Messages that are designed to create awareness and interest in a product are sent to customers from a variety of touch points (packaging, personal selling, events, promotions, publicity, etc.). The goal is to ultimately get the customer to buy! The potential impact of the message is largely based on what the brand has to offer. What are its unique selling points and how is it differentiated from competing brands? A sound brand strategy is the foundation that ultimately positions a brand in the minds of consumers.

#### A. Defining the Brand

A **brand** is an identifying mark, symbol, word(s), or combination of same, that separates one company's product from another. A brand is also defined as a combination of tangible and intangible characteristics that combine to have an impact on customers. A brand may identify one item, a family of items, or all items of that seller. Some key components of a brand include:

- **Brand Name** – A name, term or symbol that identifies and differentiates one product from another.
- **Brand Name** – The part of a brand that can be spoken (i.e., Nike).
- **Symbol or Brand Logo** – The symbol or design element of a brand (i.e., the Nike swoosh).
- **Design** – The design of the product itself, the packaging or colour scheme employed by the manufacturer (i.e., Coke brand uses red while PepsiCo uses blue).

- **Trademark** – That part of a brand granted legal protection so that only the owner can use it. This is identified by TM. Note encircled r is used to identify registered trademarks.

Brands are more than just the tangible product. Emotional or intangible entities are added to give a brand a personality and the desired personality is personified in marketing communications programs. For example, brands of beer like Blue, Blue Light and Budweiser all have distinctive personalities that prospective drinkers identify with. When something unique stands out in the customer's mind, favourable decisions are made.

A list of top brands by reputation in Canada are shown in **Figure 3.3**.

## B. Brand Loyalty

**Brand loyalty** refers to the degree of consumer attachment to a particular brand. It is influenced by the quality of marketing communications programs. Perceptions of loyalty are influenced by product or service experience, marketing communication such as advertising, peer or family pressure and by salesperson or customer service interaction. Brand loyalty is measured in three stages:

- **Brand Recognition** – Through communications consumers become aware of a brand.
- **Brand Preference** – The brand is assessed and becomes an acceptable alternative in the customer's mind.
- **Brand Insistence** – The consumer buys the brand and searches for it exclusively when needed again.

Consumers in the brand insistence stage often become *brand advocates*. They are so convinced it is the best brand they openly and consistently recommend it to others. This phenomenon shows how word-of-mouth communications can be a powerful tool in building a brand and its image. For more insight into brand loyalty, review IMC Highlight **Brand Loyalty: It's the Emotional Connection That Counts**.

## C. Brand Equity

**Brand equity** refers to the value of a brand in a holistic sense to its owners as a corporate asset. For our purposes, brand equity is defined as the value a consumer derives from a brand over and above the value derived from physical attributes. The value of the asset is determined by effective marketing and marketing communications over an extended period and is influenced by several variables: brand name awareness; the degree of loyalty expressed by customers; perceived quality; and the brand's association with a certain attribute. Coca-Cola is consistently ranked as the leading global brand in terms of value. The top five brands in Canada in 2010 were Canada Post, Canadian Tire, Tim Hortons, CBC, and Air Canada.

Brand equity can also be defined in financial terms, as an asset. Using this criteria, Canadian brand leaders are Thomas Reuters, TD Bank, RBC, and Tim Hortons. n

## B. The Benefits of Branding

For *consumers* the benefits are:

- The brand represents a certain level of quality (trust in the brand grows with time)
- There are psychological rewards for possessing certain brands (prestige, status, etc.).
- Brands distinguish competitive offerings

Consumers want facts about brand claims and they want brands to be environmentally friendly. Marketing communications play a key role in providing these facts and in distinguishing one brand from another.

- A good brand name: communicates the unique selling point ; that is, it's differential advantage.
- Branding allows for the creation of an image Consistent quality builds brand loyalty among customers

In automobile marketing branding plays a key role as it influences consumer perceptions and builds consumer trust in the brand. For example, Japanese brands are generally perceived to be of higher quality than domestic brands. Trust is also a consideration when it comes to brands. Today's best brands are using marketing communications strategically to position themselves as the most trust worthy organizations in their industries. See **Figure 3.7**, for a list of trusted brands in Canada.

## F. Building the Brand

Brand managers are responsible for building their brands: brand image and brand equity. The process of brand building involves four steps:

1. Identifying and establishing brand core values and positioning strategy
2. Planning and implementing marketing programs
3. Measuring and interpreting brand performance
4. Growing and sustaining brand equity (managing the brand)

**Core values** are the primary attributes and benefits a brand delivers to the customer. An **attribute** is a descriptive feature whereas a **benefit** is the value a consumer attaches to the brand attribute. To illustrate, Dove (based on its latest marketing communications campaign) stands for self-esteem and communicates that women should celebrate themselves as they are. Dove is marketing a self- esteem attitude more so than the product.

**Positioning** refers to the selling concept that motivates purchase, or the image that marketers desire a brand to have in the minds of consumers. Marketing communications is responsible for creating the appropriate appeals to make a product stand out from the competition in the minds of the target market. Most marketing and marketing communications strategies stem from a precisely worded positioning strategy statement. Brands position themselves on dimensions that are important to consumers, and may focus in on single or multi-benefits of their product or service. The **positioning strategy statement** is a key part of the marketing communications strategy and gives a compelling reason why potential customers should buy the brand. It should be written in a clear, concise and uncomplicated manner. Some of the more common means of positioning a brand through marketing communications are as follows:

- **Product Differentiation** – The brand communicates meaningful and valued differences in order to distinguish itself. For example, Glad (wraps and bags) seal in freshness.
- **Brand Leadership** – Brands that are leaders tell their story. They portray leadership in what they say and how they say it. Coca-Cola is a brand leader. Phrases like “Always Coca-Cola”, “Can’t Beat The Real Thing” or “Open Happiness”. portray the brand’s positioning strategy. Brand leaders have

characteristics in common, often this includes greater consumer awareness and recall and higher marketing spend.

- **Head-On** – A brand is presented as an equal or better alternative, usually through some form of comparison. This strategy is common among household cleaning products. Two leading brands are compared on an important benefit with the advertised brand showing better results. The “Pepsi Challenge” is the classic example.
- **Innovation** – A strategy that dwells on technical leadership, research and development programs, and a desire to be perceived as new and leading edge in a market. For example, the Apple iPod changed the way we listen to music.
- **Price (Value)** – A strategy based on the premise that consumers search for the best possible value given their economic circumstances. Wal-Mart has a lock on the low price and good value strategy with a lot of people. The phrase “We sell for less. Everyday.” adequately summarizes its positioning strategy. In 2007 they offered up a new slogan “Save Money, Live Better”, where they continue to stress low prices but also focus on how their products and services offer consumers improvements to their lifestyle.

**Image (Lifestyle)** – Focusing on the intangible characteristics in order to build a desired image or personality. The brand portrays itself in a manner that it is a good fit with the lifestyle of the target market. Beer, alcohol, fragrance, automobiles and travel frequently use this strategy.

- **Repositioning** – Changing the place a product occupies in the consumer’s mind relative to the competition. Changes in environmental factors can affect consumer preferences, leading manufacturers to reposition. See IMC Highlight **New Global Position for Hyundai**, page ...

## G. Planning and Implementing Marketing Communications Programs

A brand must be presented to customers with a unified voice. Therefore, all forms of marketing communications must work from a common base of information and have similar objectives to achieve. Several steps are important in building the communications program:

- **Employ Various Brand Elements Effectively** – What role will names, logos, symbols, slogans, packaging and characters play in the communications? There must be a consistent presentation of all relevant brand elements across all media.
- **Marketing Communications is the Voice of the Brand** – Regardless of the medium selected, the brand message must be delivered with clarity and continuity. Proper execution with adequate financial support should result in the desired image being planted in the customer’s mind. For example, Molson Canadian, now partly owned by the American company Coors, changed its slogan to “Made from Canada”
- **Use the Communications Tools Properly** – There are various elements in the communications mix with each capable of performing certain roles better than others. For example, advertising is good at creating awareness and interest; sales promotions; experiential marketing; and public relations are good at creating desire and action. Social media create new avenues for communicating with the customer. Selecting the appropriate medium, or mix of media for the situation at hand is crucial.

For some insight into brand building strategies review the IMC Highlight **Multi-faced Campaign Repositions ING Direct**.

## H. Packaging and Brand Building

The “look” of a package plays a role in building a brand’s image. Over time, consumers start to associate the colour of a package with the brand so they know exactly what they are looking for. For example, there is Sunlight (yellow), Tide (orange), Kodak (orange), UPS (brown) and Coca-Cola (red). Many brands have made efforts to “own” a colour.

Due to factors such as *media fragmentation* and the growing *influence of purchase decisions being mad at point-of-sale*, marketers are placing a higher priority on packaging. The package itself is a very important selling medium. The role of a package is to:

- **Protect the Product** – Products move through numerous hands on the way to their final destination. The product must arrive in A1 condition.

**Market the Product** – The package does the same thing as an advertisement. Therefore, if it is to attract the eye of passers by, it must have an attractive and coordinated appearance. Copy on the package should also communicate essential information that will help motivate purchase. Sometimes a change in package style and design can rejuvenate interest in a brand. See Figure 3.20, page ... for an illustration.

- **Provide Convenience** – A package should be easy to carry, open, handle, and reseal. Innovation in design helps in this area. For example, no drip spouts on cleaning products, handles on bulky items, and metal tins with molded metal bottoms that allow for stacking, add value to a product.
- **Be Environmentally Friendly**- Wasteful packaging or packing disrespectful to the environment can be a turn off for consumers. For example, PepsiCo introduced a bottle made of plant material.

## I. Branding by Design

For products that don’t come in a package it is the design of the product itself that has an impact on consumers. Brands like Samsung or Apple are perceived as sleek and stylish (See Figure 3.23) Today companies are making efforts to integrate the brand experience into the product or service.

Technology has significant influence on design. To illustrate, simply consider the evolution of televisions in the past ten years. Ugly black boxes have been replaced with sexy, flat plasma screens.

Changing the identity of a brand has its perils. Should a company change its name or logo, for example, an intensive marketing communications program must be planned and implemented to make all public aware of the change. All consumer touch points must communicate the new name and image.

## Answers to End of Chapter Questions

### Review Questions

1. The key components of a brand are the brand name, landmark (logo), the trademark, and the package itself (e.g., an outer package that carries the product or the design of the product if it is not contained in a package).

2. Some benefits of branding for consumers include: a brand offers a certain level of quality on a continuous basis; a brand offers psychological rewards through ownership of it; and a brand distinguishes one product from another in the customer's mind. For an organization the benefits include: a brand communicates the differential advantage; a brand allows for the creation of an image or personality; and a brand that consistently meets customer expectations is rewarded in terms of brand loyalty.
3. The three stages of brand loyalty are: brand recognition (initial awareness created by marketing communications); brand preference (the brand is in the customer's frame of reference and is perceived as useful); and brand insistence (consumers search exclusively for a particular brand).
4. *Brand equity* is the value of a brand in terms of dollars. It is an asset that the company owns. A brand like Coca-Cola has incredibly high brand equity due to its popularity on a global scale.
5. *Core values* are the primary attributes and benefits a brand delivers to the customer. An *attribute* is a descriptive feature whereas the *benefit* is the value customers attach to the feature.
6. Positioning is the selling concept that motivates purchase or the image that marketers desire a brand to have in the minds of customers. It is important for a brand to have a clearly worded positioning statement since all marketing and marketing communications are developed based on that statement. All strategies are evaluated against the positioning strategy statement for "fit" before they are implemented. The statement provides a compelling reason for customers to buy the product.
7. *Head-on* positioning refers to a situation where one brand compares itself to another in order to show its superiority on an important attribute or benefit. Brand leadership positioning involves making statements that demonstrate or confirm a brand's position or popularity in the marketplace. A brand like Coca-Cola or McDonald's can use this strategy effectively since they are dominant leaders in their respective categories.
8. If a *product differentiation* strategy is followed, the advertising messages will focus on the core attribute and how it will benefit the customer. Maytag, for example, focuses on dependability. Volvo focuses on safety. Ford trucks focus on the "toughness" of the vehicle. Ford trucks are "Built tough."
9. If a *lifestyle* positioning strategy is followed the message will focus on intangible characteristics that are associated with the product. For example, the prestige and status that comes with ownership of a Rolex watch or a BMW automobile. Product quality is a given in these situations; it is the lifestyle associations that attract people to buy these kinds of brands.
10. A lot of decisions are made at the point-of-sale so the package itself plays a significant role in the communicating an image for a brand. Essentially, a package performs three functions: it protects the product during the handling and transportation process; it markets the product by providing useful information that will help motivate purchase; and it provides convenience in purchase and use.
11. Product design has considerable influence. For example, consumers look for products that will "fit" their lifestyle or the décor of their homes. The purchase of expensive durable goods such as kitchen appliances, electronics products, and automobiles are closely linked to how people perceive and react to the design of the product. Apple showed the importance of product design

when it launched the iMac line of computers. Imagine round shaped computers in a variety of colours. Apple's unique designs were a sharp contrast to all other brands. Their strategy worked!

### Discussion Questions

1. A brand is much more than the physical product. A brand is a collection of tangible and intangible characteristics that combine to have influence on potential buyers. Students should link their knowledge of branding with consumer behaviour concepts to show what a brand really stands for. Since so many decisions are based on emotions, it is the intangible characteristics that often dominate the decision-making process among consumers.
2. Everything starts with a name. There are good brand names and some not so good brand names. The Die Hard (a brand of batteries sold at Sears), for example, strongly suggests what the product offers. In the automobile industry, many believe the car is a mechanical extension of the driver's personality. What kind of male drives a Mustang? What kind of person drives a BMW sports car? Some names are associated with futility. The Edsel is a classic failure. More recently the Pontiac Aztec failed. People didn't like the name or the concept—a crossover vehicle that wasn't quite a car or a truck. Student responses to this issue will be based on the research information they uncover.
3. For this question it may be wise to assign product categories or brands to ensure a cross-section of campaigns. Students could briefly present their findings in class. There is no shortage of lifestyle campaigns available for discussion.
4. It is important for students to see the relationship between brand positioning and marketing communications strategy. One way to dramatize the role and importance of positioning is to place it in the center of a circle and have all marketing communications surround it. Link everything together with arrows. The positioning strategy statement is the foundation upon which communications plans are devised.
5. Students will have different opinions about the various companies and how they are positioned so only a few insights will be provided here. Ask students to examine the brand's marketing communications in order to determine the positioning strategy for that brand.
6. The purpose of this question is to get students examining the role that brand names, logos and slogans play in marketing communications. For all intents and purposes it is the logo and slogan that most people remember. The combination must plant an image or message in the customer's mind.
7. Responses will vary based on the packages selected by the students. A good package meets the various criteria mentioned in the chapter.