



Brand Strategy

Dr Omar Merlo

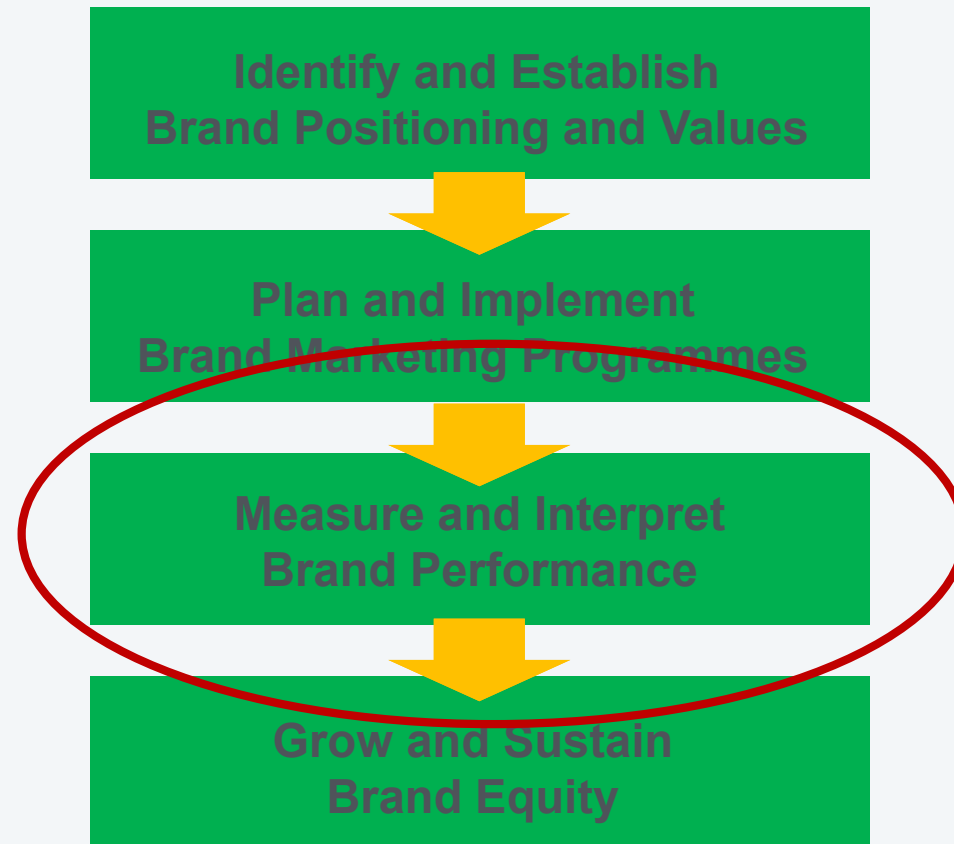
Lecture 9

Module Schedule

	Week 1 w/c 11 th January 2020	Week 2 w/c 18 th January 2020	Week 3 w/c 25 th January 2020	Week 4 w/c 1 st February 2020	Week 5 w/c 8 th February 2020
Session 1	<p><u>Lecture 1</u></p> <p>Title: Foundations of brand management</p> <p>Topics covered: Introduction to the module and brand management</p> <p>Case Study: Rose</p> <p>Guest lecture: Mark Radda</p>	<p><u>Lecture 3</u></p> <p>Title: The easyJet brand story</p> <p>Topics covered: How easyJet went from a small start up to one of Europe's most recognised brands</p> <p>Guest lecture: Tony Anderson</p>	<p><u>Lecture 5</u></p> <p>Title: Planning and implementing brand marketing programmes</p> <p>Topics covered: Choosing brand elements</p> <p>Case Study: And now a word from our sponsor</p>	<p><u>Lecture 7</u></p> <p>Title: Branding and marketing communications</p> <p>Topics covered: Branding and the integrated marketing communications mix</p> <p>Case Studies: Mountain Dew</p>	<p><u>Lecture 9</u></p> <p>Title: Measuring and interpreting brand performance</p> <p>Topics covered: Brand valuation methods</p> <p>Case Studies: Pets.com</p>
Session 2	<p><u>Lecture 2</u></p> <p>Title: Customer based brand equity</p> <p>Topics covered: Managing brand equity</p> <p>Case Study: New Coke</p>	<p><u>Lecture 4</u></p> <p>Title: Brand positioning and customer value</p> <p>Topics covered: The brand value proposition and positioning</p> <p>Case Study: Swatch</p>	<p><u>Lecture 6</u></p> <p>Title: The Swatch brand story</p> <p>Topics covered: The real story behind the global success of the Swatch brand</p> <p>Guest lecture: Konstantin Theile</p>	<p><u>Lecture 8</u></p> <p>Title: Defeating customer apathy</p> <p>Topics covered: Customer apathy and how brands can deal with it</p> <p>Reading/Case Studies: Old Spice</p>	<p><u>Lecture 10</u></p> <p>Title: Managing brands over time</p> <p>Topics covered: Brand extensions, brand adjustments, and brand revitalisation.</p> <p>Title: Module revision and exam preparation</p>

The strategic brand management process

Measuring and interpreting brand performance



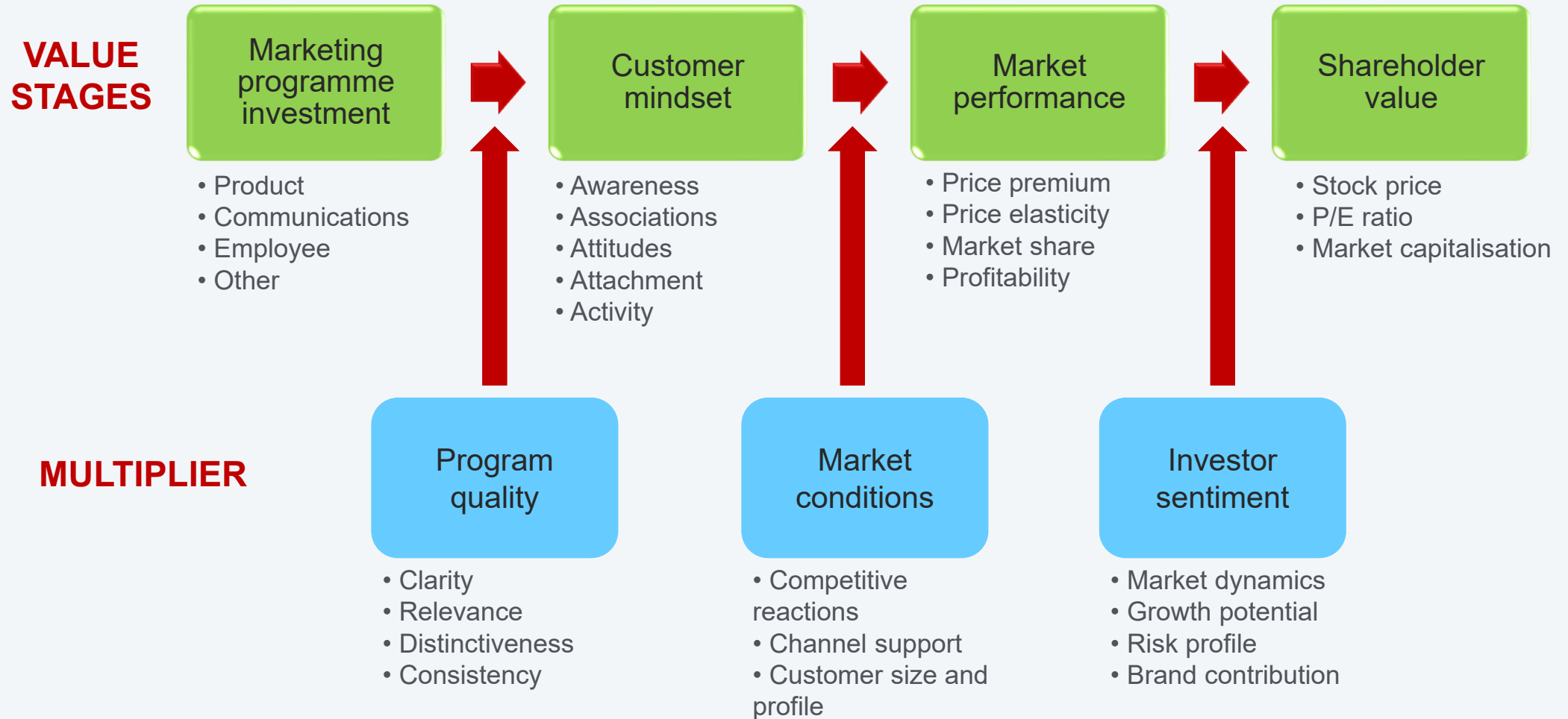
Why measure brand equity?

A strategic imperative

- Give marketing activities board room legitimacy
 - Shift away from perception of marketing as a cost centre
 - Elevate marketing expenditure to a strategic level
- Coordinate organisational effort
 - Mobilise cross-functional support and cooperation
 - Provide an organisation-wide understanding of brand anatomy (i.e., what activities build or destroy brand value)
- Rewards a long-term view in marketing initiatives

The brand value-chain

From brands to shareholder value



The brand value-chain

Implications

- The Brand Value Chain model has at least three significant implications for marketers:
 1. Value creation begins with the marketing programme investment
 2. Value creation requires more than the initial marketing investment
 3. The brand value chain provides a detailed road map for tracking value creation to focus marketing research and intelligence efforts

Measuring brand equity

Several tools are available

- Numerous brand evaluation methods have been developed
- Some of the most popular and useful methods are:
 1. Young & Rubicam's BrandAsset Valuator
 2. Interbrand Brand Equity Model
 3. The "Digital Economy" approaches

The Brand Asset Valuator

Pillar analysis

- Measures brands on four fundamental measures of equity value and using a set of perceptual dimensions

- The four pillars:

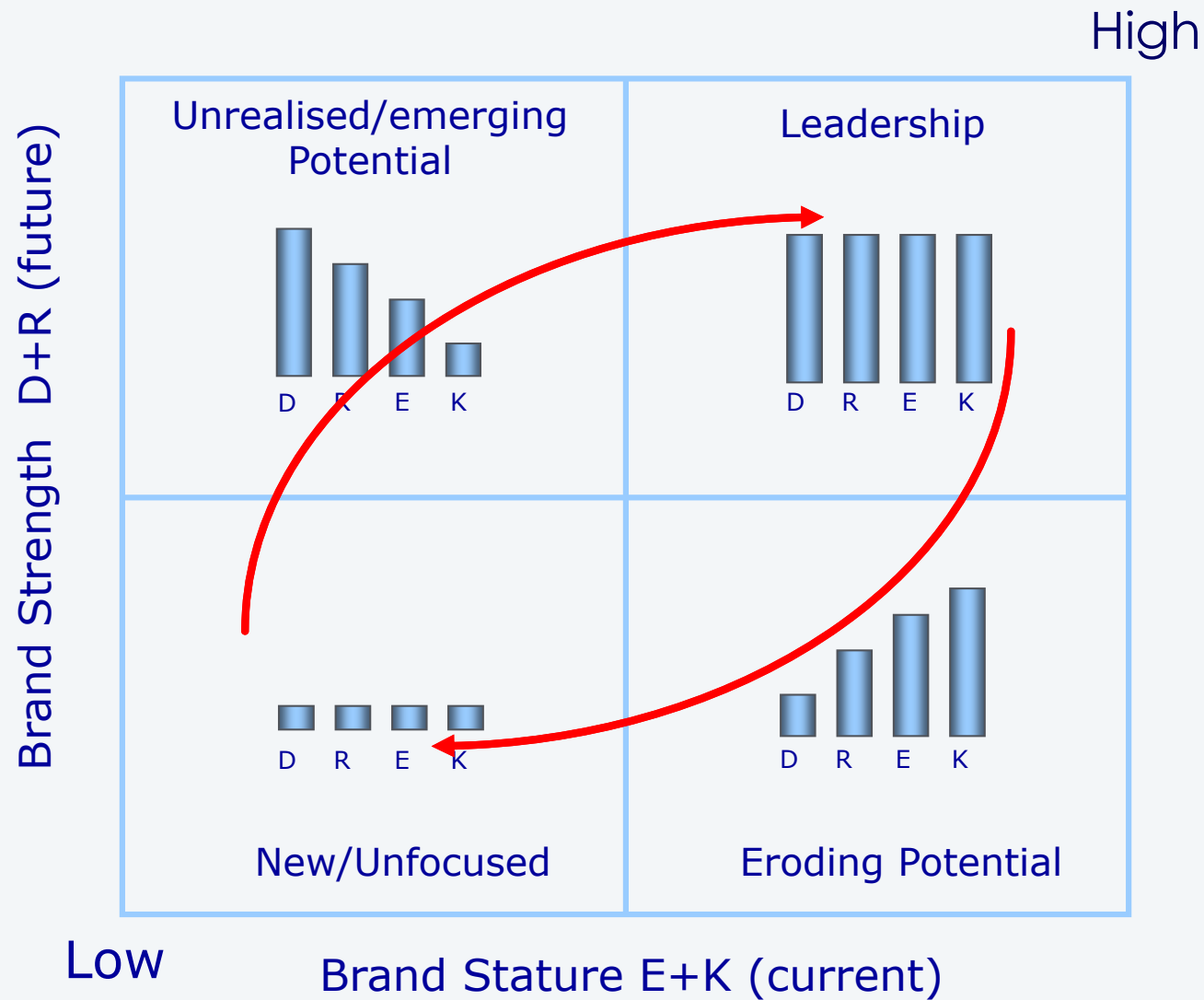
1. Differentiation
2. Relevance
3. Esteem
4. Knowledge

BRAND STRENGTH

BRAND STATURE

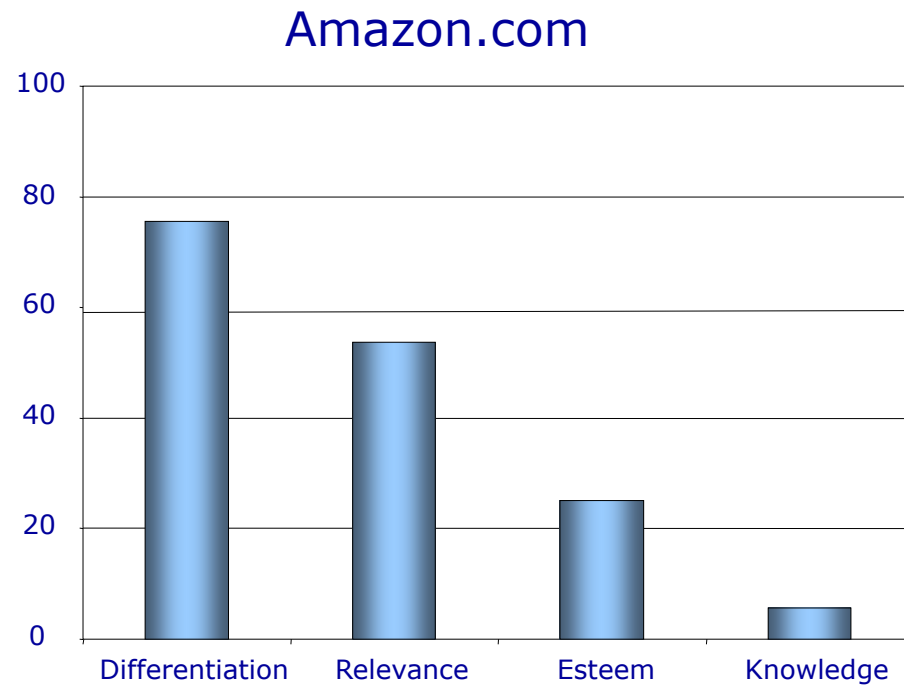
The Brand Asset Valuator

Quadrants analysis

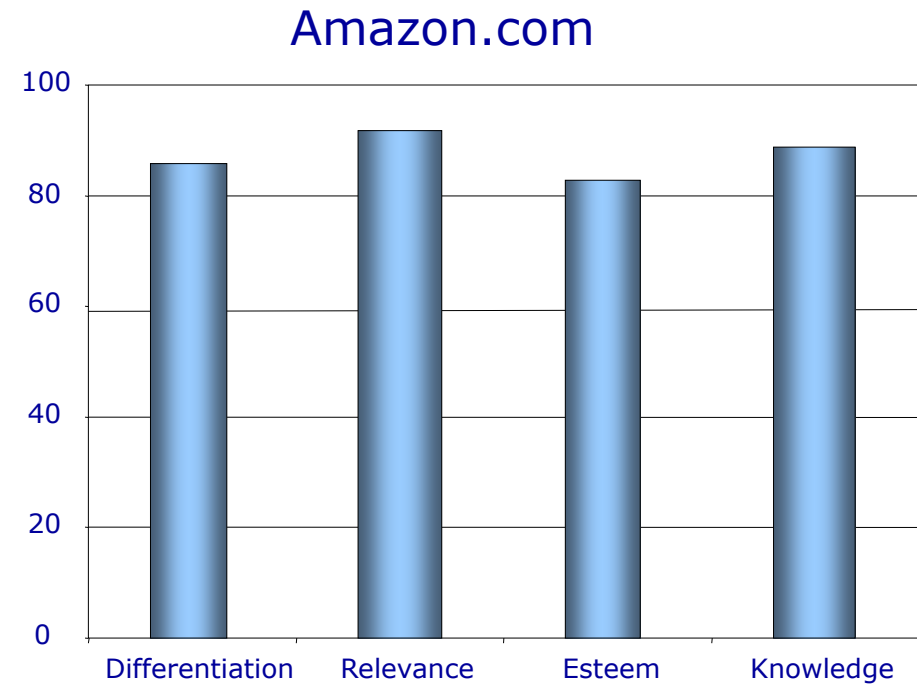


When Amazon.com entered the UK

From 2000 to 2010



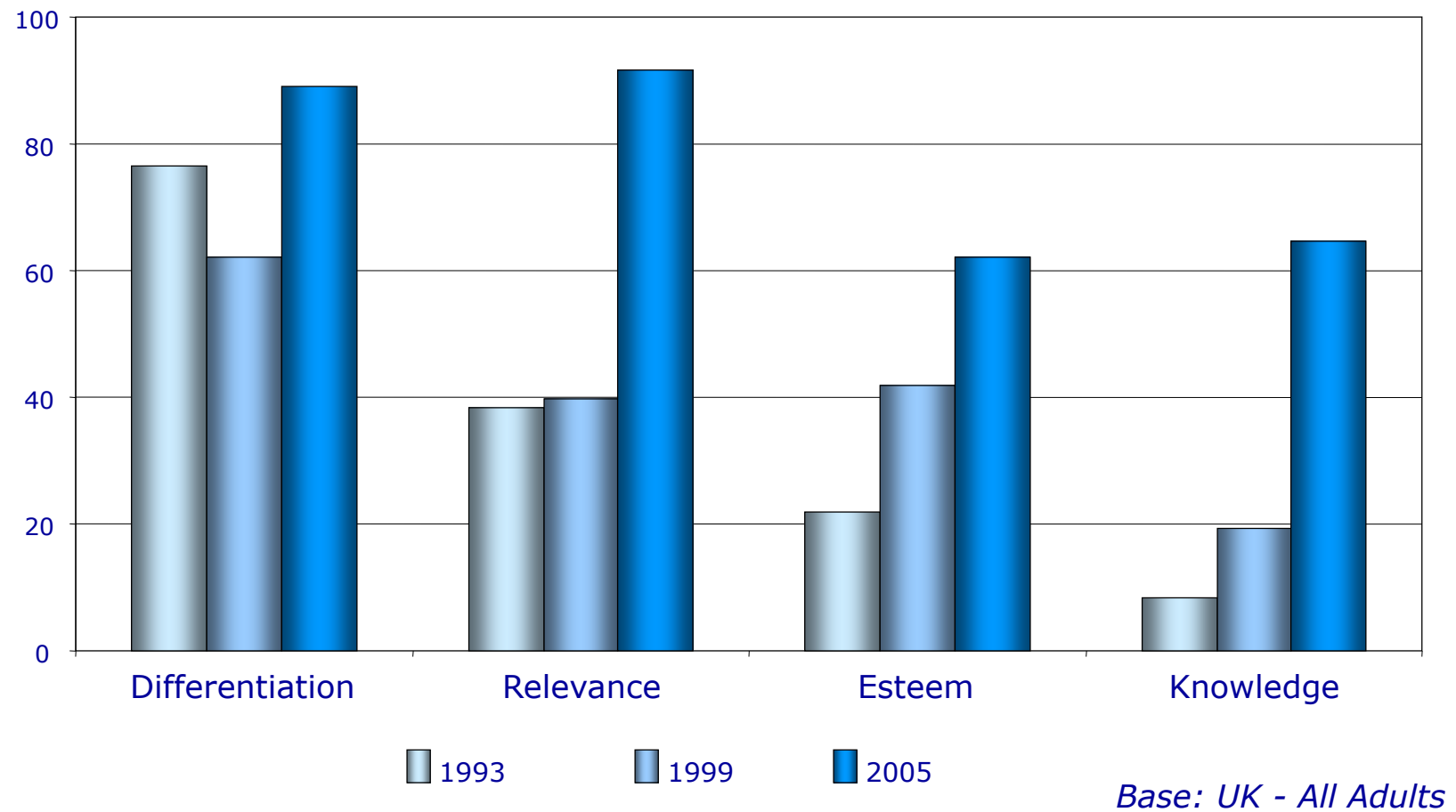
**Base: UK - All Adults (2000)*



Base: UK - All Adults (2010)

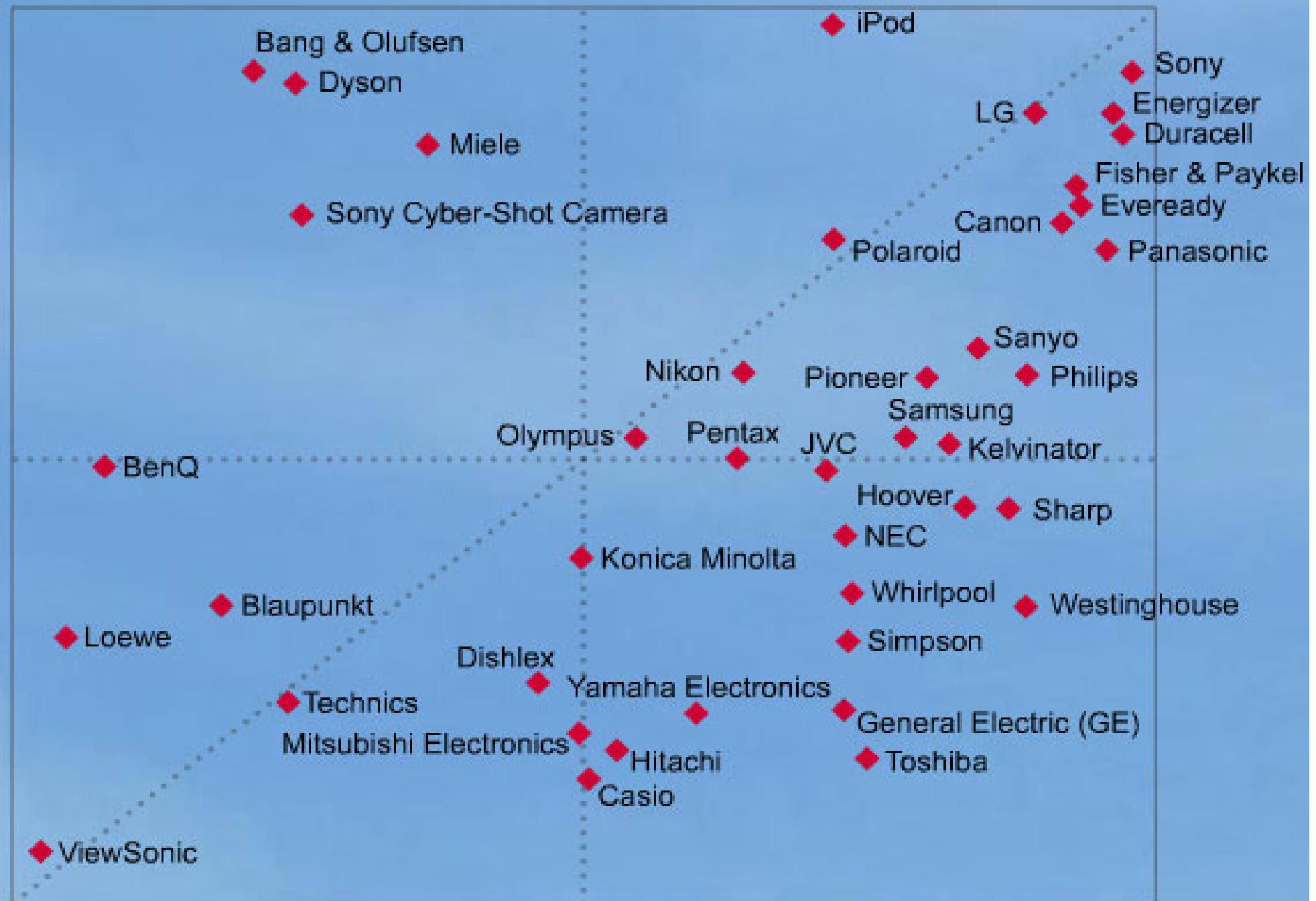
When the Gap entered the UK

From 1993 to 2005



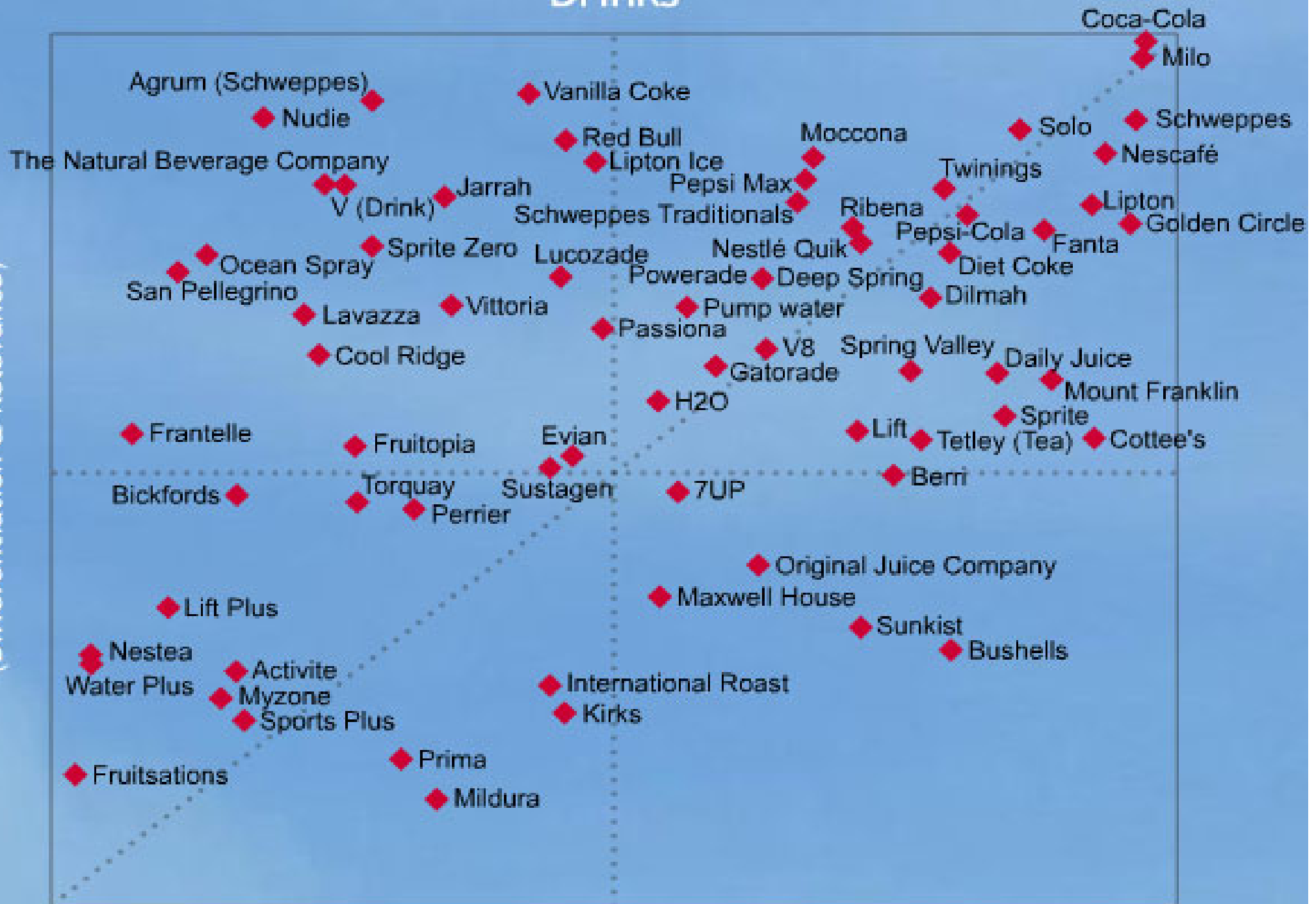
Electronics

BRAND STRENGTH
(Differentiation & Relevance)



Drinks

BRAND STRENGTH
(Differentiation & Relevance)



BRAND STATURE
(Esteem & Knowledge)

Car Manufacturers & Motorcycles

BRAND STRENGTH
(Differentiation & Relevance)



BRAND STATURE
(Esteem & Knowledge)

Beers

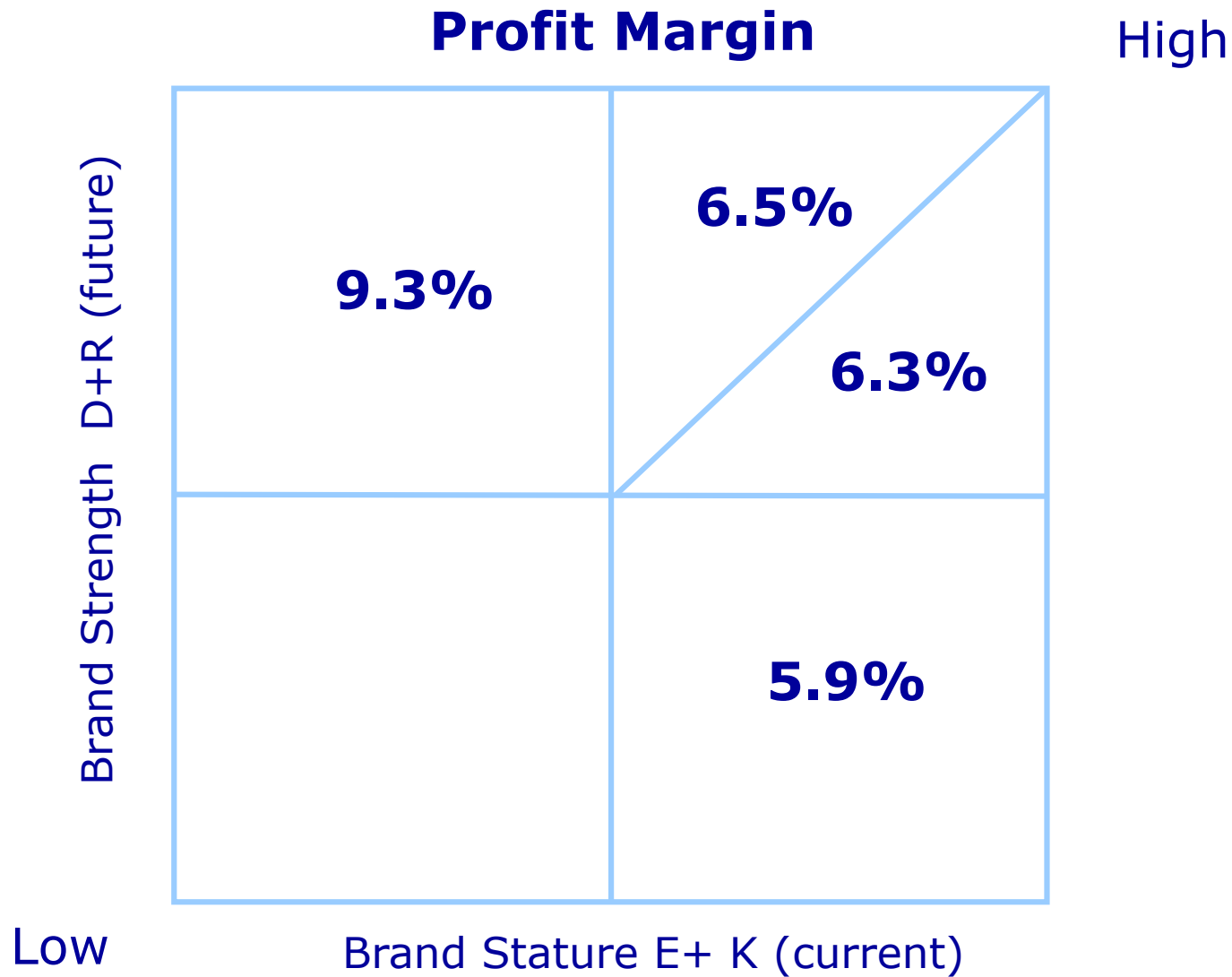
BRAND STRENGTH
(Differentiation & Relevance)



BRAND STATURE
(Esteem & Knowledge)

The BAV and Profitability

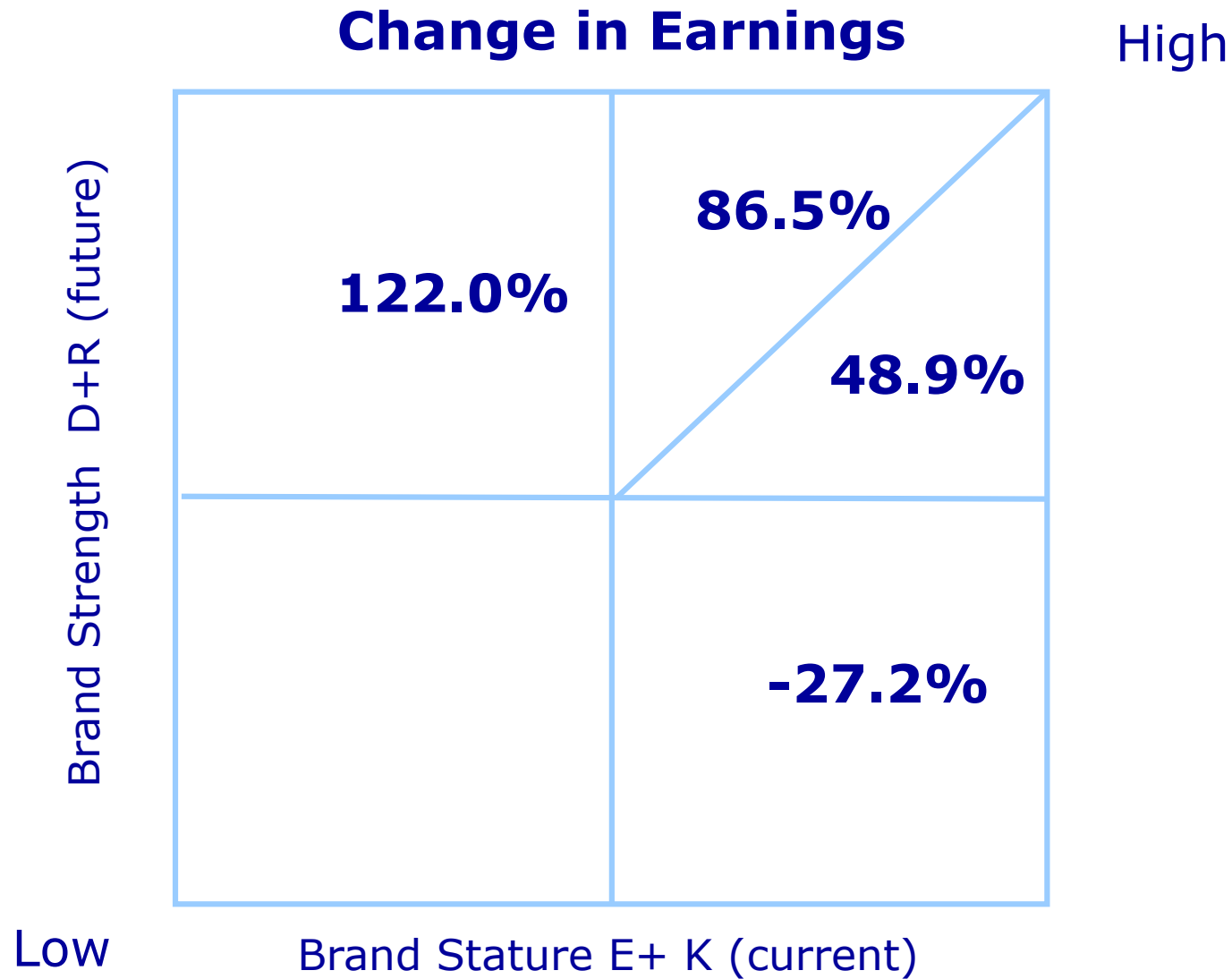
Profit margins on the BAV



Source: Standard & Poors

The BAV and Growth

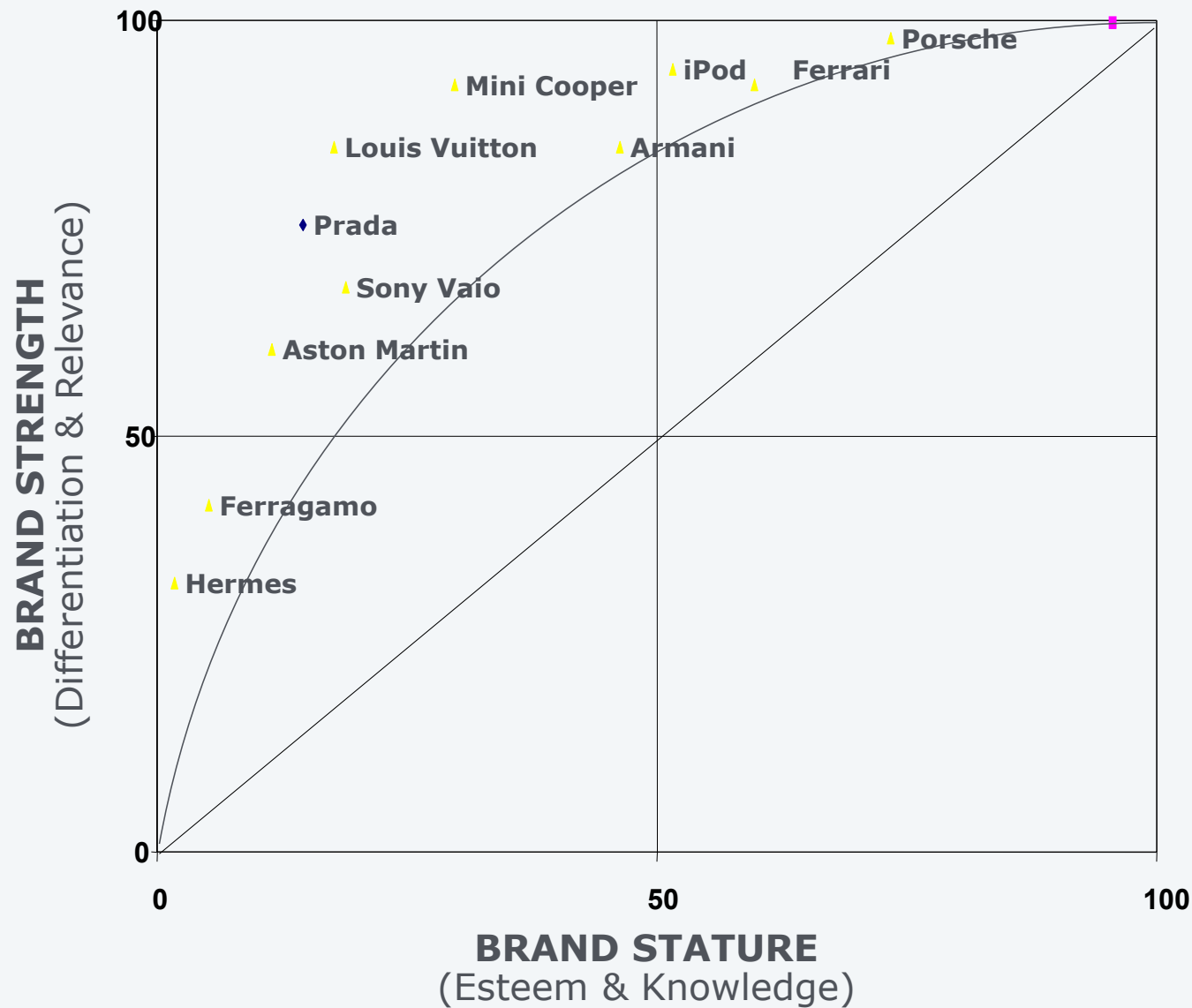
Earnings on the BAV



Source: Standard & Poors

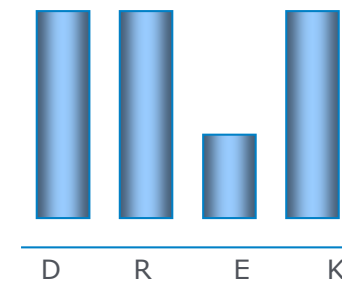
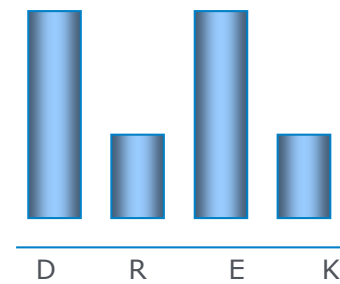
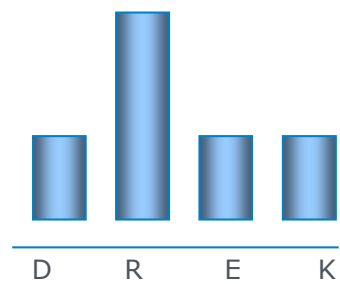
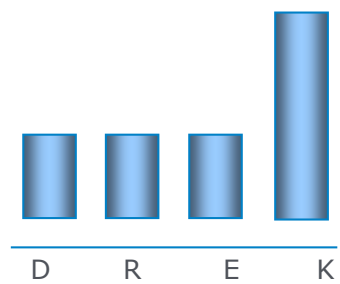
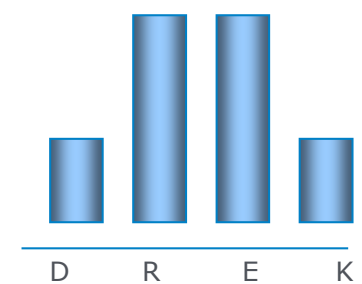
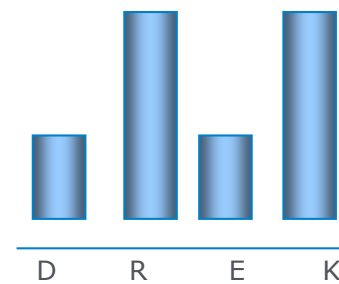
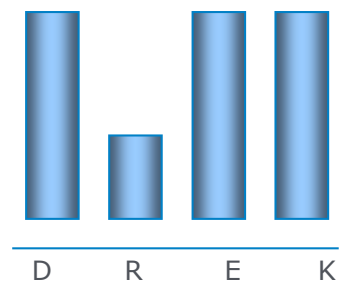
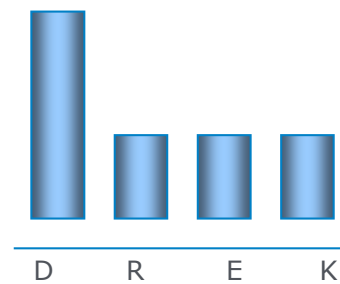
The Envy Zone

The key to luxury branding



Pillar patterns tell part of the story

Workshop



2. The Interbrand brand equity method

An alternative brand valuation tool

- The Interbrand approach involves three steps:
 1. Financial forecasting
 2. Role of branding
 3. Brand strength
- This approach is useful, partly because it's a step closer to putting a financial value on the brand

Brand Strength

Internal and external dimensions

































The Interbrand method



Interbrand

The Interbrand Valuation

Best global brands (2020)

01 Apple +38% \$322,999m 	02 Amazon +60% \$200,667m 	03 Microsoft +53% \$166,001m 	04 Google -1% \$165,444m 	05 Samsung +2% \$62,289m 	06 Coca-Cola -10% \$56,894m 
07 Toyota -8% \$51,595m 	08 Mercedes-Benz -3% \$49,268m 	09 McDonald's -6% \$42,816m 	10 Disney -8% \$40,773m 	11 BMW -4% \$39,756m 	12 Intel -8% \$36,971m 
13 Facebook -12% \$35,178m 	14 IBM -14% \$34,885m 	15 Nike +6% \$34,388m 	16 Cisco -4% \$34,119m 	17 Louis Vuitton -2% \$31,720m 	18 SAP +12% \$28,011m 
19 Instagram NEW \$26,060m 	20 Honda -11% \$21,694m 	21 Chanel -4% \$21,203m 	22 J.P. Morgan +6% \$20,220m 	23 American Express -10% \$19,458m 	24 UPS +6% \$19,161m 
25 IKEA +3% \$18,870m 	26 Pepsi -9% \$18,603m 	27 Adobe +41% \$18,206m 	28 Hermès 0% \$17,961m 	29 GE -30% \$17,961m 	30 YouTube NEW \$17,328m 

3. The “Digital Economy” methods

Gauging brand health online

- With the growth of the online economy, social networks etc, we now have more ways to assess the strength of brands
- Some of these methods are not very scientific, but they can still be quite insightful
- Some of these allow for real time tracking of brands!
- For example Twitter’s top brands, facebook popularity ratings, etc...

There are also plenty of “aggregators”...











The screenshot displays the Socialbakers website interface. At the top, a navigation bar includes the Socialbakers logo and links to 'Our PRO Suite', 'analytics', 'builder', 'listening', and 'adanalytics'. Below this, a secondary navigation bar features icons for 'Like', 'Follow', 'All Social statistics', 'Facebook statistics', 'Twitter statistics', 'YouTube statistics', and 'Google+ statistics'. The main content area is titled 'TOP 100 Facebook Brands Social Media Stats' with a 'Share' button. It includes a description: 'This section aggregates the TOP 100 brands across Facebook, Twitter, YouTube, and Google+ so that you can view the most interesting statistics from one place. You can also filter the most popular brands by industry or by country with the number of local fans available for Facebook.' A dropdown menu shows 'All Industries & Countries'. Below this, tabs for 'Facebook', 'Twitter', 'YouTube', and 'Google+' are visible. The 'Fastest Growing Pages' section features a timeline slider set to 'Day' and a table of top brands.

Name	Fans
Samsung Mobile	+68 951
Coca-Cola	+48 165
HTC India	+41 324
NESTEA	+36 818
Teleton Brasil	+35 229

Socialbakers PRO









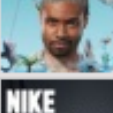
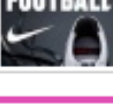
Popular Today

Daily growth index

1		McDonald's f +11,191 t +6,996 y +303 Views	19.11
2		Starbucks f +37,788 t +3,328 y +18,146 Views	16.49
3		PlayStation f +48,032 t +2,927	16.12
4		Google Chrome f +2,038 y +235,269 Views	15.40
5		TRAKTOR f +451 t +126 y +227,224 Views	15.22
6		VW f +445 y +228,926 Views	15.08
7		BMW f +7,639 y +197,656 Views	14.63
8		SXSW Festival f +979 t +991 y +160,921 Views	14.46
9		BMW Deutschland f +102 y +197,656 Views	13.99
10		Toys "R... f +34,204 t +528 y +79,838 Views	13.74

Popular this week

Weekly growth index

1		PlayStation f +390,656 t +16,737 y +250,799	32.06
2		Red Bull f +154,489 t +1,729 y +1,656,957	26.79
3		Xbox f +273,036 t +3,160 y +42,679	25.51
4		Walmart f +237,691 t +6,285 y +4,694	23.99
5		Converse f +218,127 t +543 y +32,559	22.58
6		Coca-Cola f +176,794 t +4,233 y +369,150	22.46
7		Starbucks f +156,535 t +16,854 y +32,666	21.09
8		DC Shoes f +96,733 t +1,287 y +861,550	20.31
9		Old Spice f +11,954 t +481 y +1,728,185	20.00
10		Nike Football f +140,818 t +4,694 y +233,049	19.87

Case Study

Pets.com

- Explain the failure of pets.com using the the BAV model
- Pets.com's growth strategy relied on heavy spending on market communication and low pricing. Critically appraise this strategy. What alternatives did Wainwright have?
- Overall, what do you think are the main reasons for Pets.com's failure in the market?