



Brand Strategy

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Lecture 4

The strategic brand management process

We are here...



Establishing value

The brand's value proposition

- A successful brand strategy focuses on the customer value ratio:



Superior Perceived Value: The customer *perceives* higher value than any competitive brand

Establishing the brand value proposition

The myth of the fox and the hedgehog



Establishing value

The myth of excellence

- The myth of excellence is the misguided belief that a brand should try to be good at everything it does.
- Brands need to focus on “customer relevancy”: the ability to see business through customers’ eyes and conduct business on terms that customers find meaningful.
- Assume that there are 5 key attributes that determine competition among brands in an industry:

1. **Price:** Customers value honest price
2. **Product:** Customers look for consistently good brands
3. **Service:** Customers value services that meet their basic, everyday requests
4. **Experience:** Customers want to be respected and be offered customised solutions
5. **Access:** Customers want to get what they want how they want it

The myth of excellence

Positioning for competitive advantage

- **Rule 1:** The most sustainable 'score':
 1. Dominate on one dimension (5/5)
 2. Differentiate on a second dimension (4/5)
 3. Achieve industry-par levels on the remaining dimensions (3/5)

- **Rule 2:** Anything less than 3 is not sustainable

- **Rule 3:** Domination or differentiation on more than one attribute is not sustainable, resulting in resources being wasted

- **Rule 4:** The definition of a 3 can continually change. Failure to keep up with changing requirements can cause the score to drop.

SCORING EXAMPLES (1-5)

	3M	Dell
Price	★★★	★★★
Product	★★★★★	★★★
Service	★★★	★★★★★
Experience	★★★	★★★
Access	★★★★★	★★★★★

For example

Primary and secondary attributes of selected brands

PRIMARY ATTRIBUTES (5 out of 5)					
	Price	Product	Service	Experience	Access
SECONDARY ATTRIBUTES (4 out of 5)	Price	Target Staples Dixons Mazda	Geico	Club Med Gateway Southwest Airlines	Avon E*Trade
	Product	Wal-Mart Zara	Citibank Circuit City Boots	Disney Stores Harrods BMW	Amazon.com Coke CNN
	Service	Tesco Saturn	Caterpillar Home Depot Ferragamo Gucci	Four Seasons Kraft	UPS McDonald's Gerber
	Experience	Honda	Oracle Best Buy Bose Intel	Nordstrom Singapore Airlines	AOL Hallmark
	Access	Charles Swab Priceline Casio Carrefour	Sony 3M Whirlpool GE	American Express Dell	Starbucks Marlboro

Exercise

Consumer relevancy in brand management

- Choose a brand and analyse it using the consumer relevancy model
- What's their current profile? What would you recommend?

	Actual	Recommended
Price		
Product		
Service		
Experience		
Access		

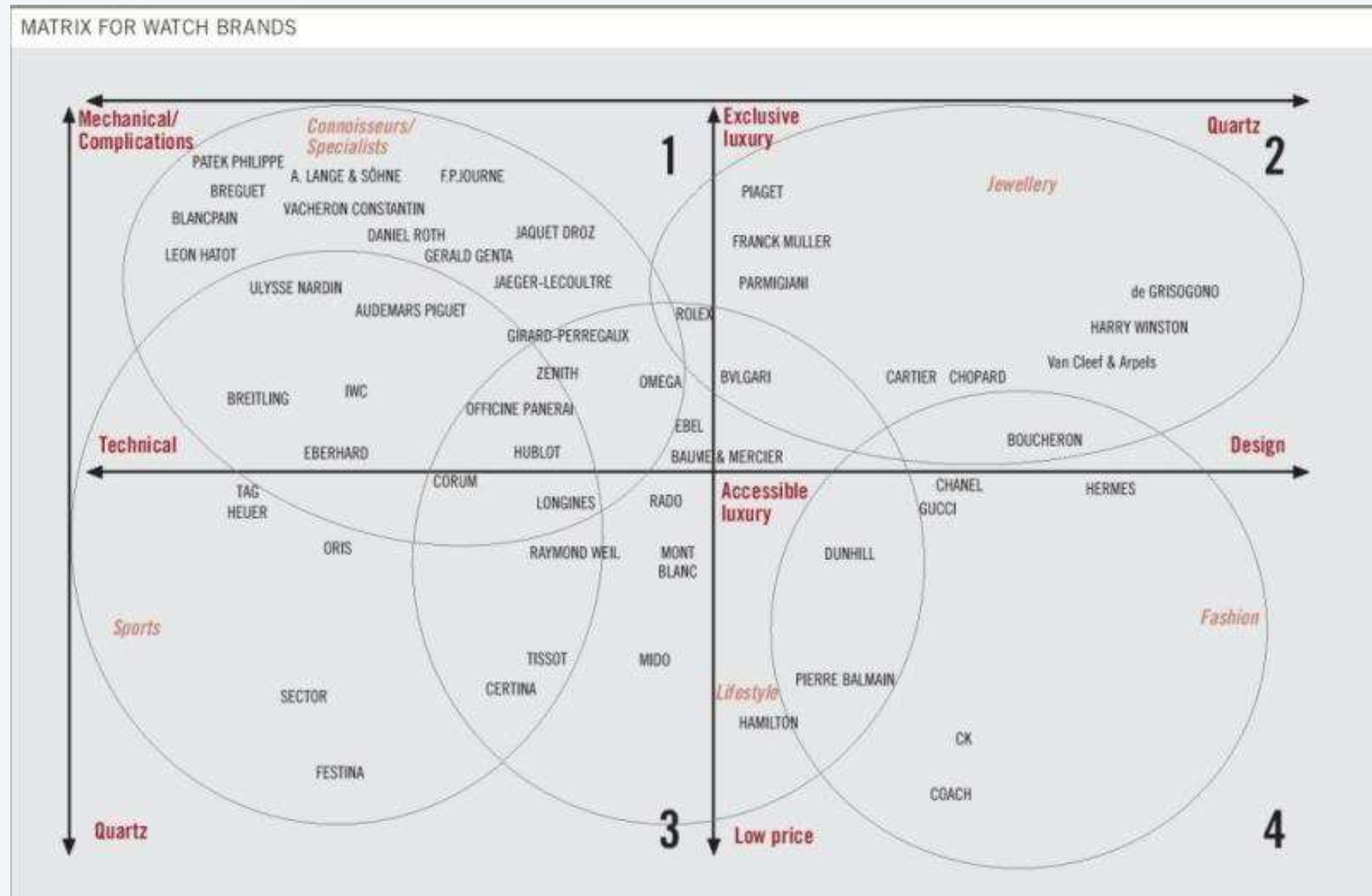
Brand positioning

Establishing the brand's position in the minds of customers

- Once the brand's value proposition is articulated, it should be deployed through a clear positioning strategy
- Positioning refers to the specific image of a company's offering in the minds of consumers, relative to competing brands.
- Marketers attempt to “position” their brands in a particular way in the minds of target markets.
- It's about finding the appropriate “mental location”.

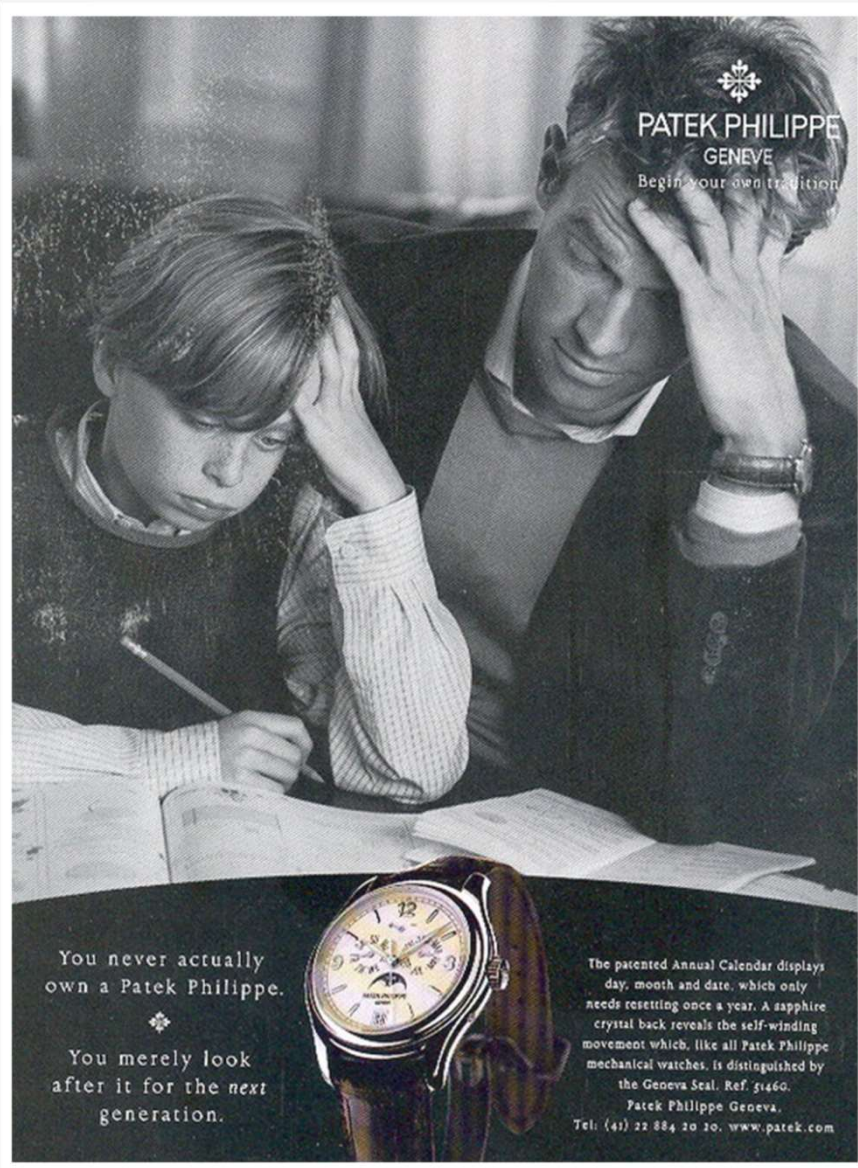
Perceptual mapping

Example in the watch industry



Positioning and differentiation

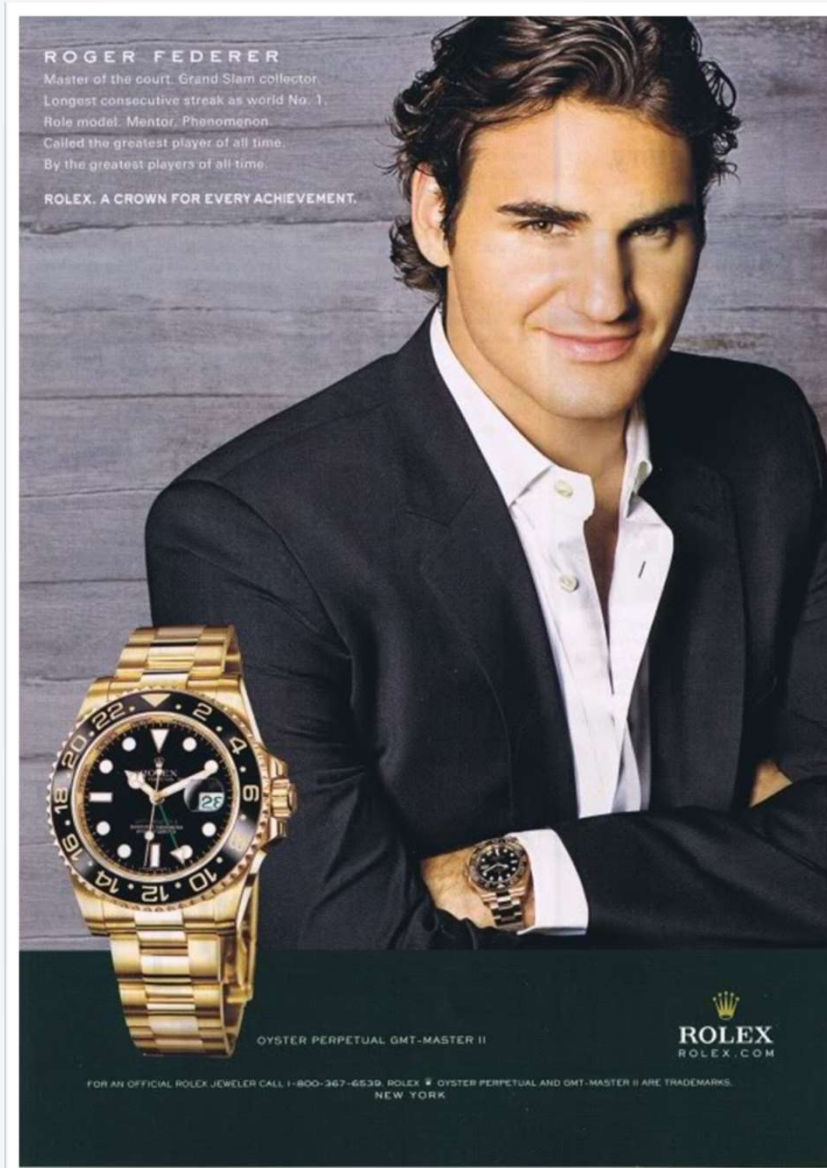
An example



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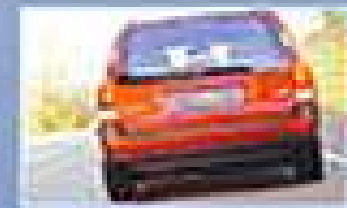


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collisions. This simply highlights the fact that the Volvo V70 is one of the safest cars that you and your passengers can ride in.

VOLVO



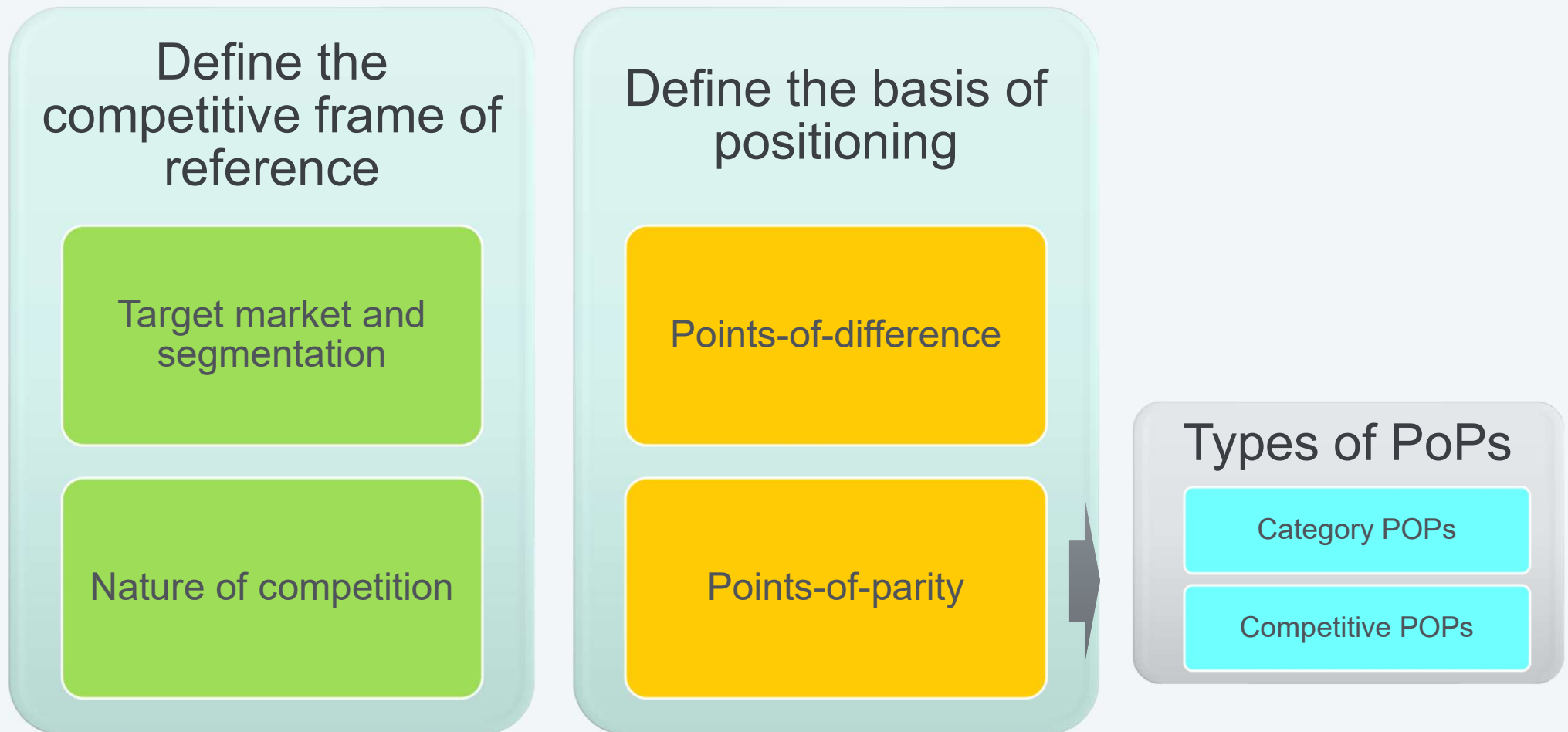
VOLVO

MASON'S VOLVO
125 Wells Rd, Frankston

Ph: 9783 9783

Brand positioning

How to establish it



To crash with a Volvo
is extremely safe.

If you're sitting in a Saab.

Volvo's reputation for safety is well known. In fact, Volvo has been named the safest car in the world for 15 years running. This is no accident. Volvo's safety is built into every car, from the smallest to the largest. It's a commitment to safety that has made Volvo the most trusted car brand in the world.

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Saab 9-5. Sweden's safest car. In real life.

A positioning exercise

The positioning of Imperial College

If Imperial College Business School were a **car** or an **animal**...



...what would it be?

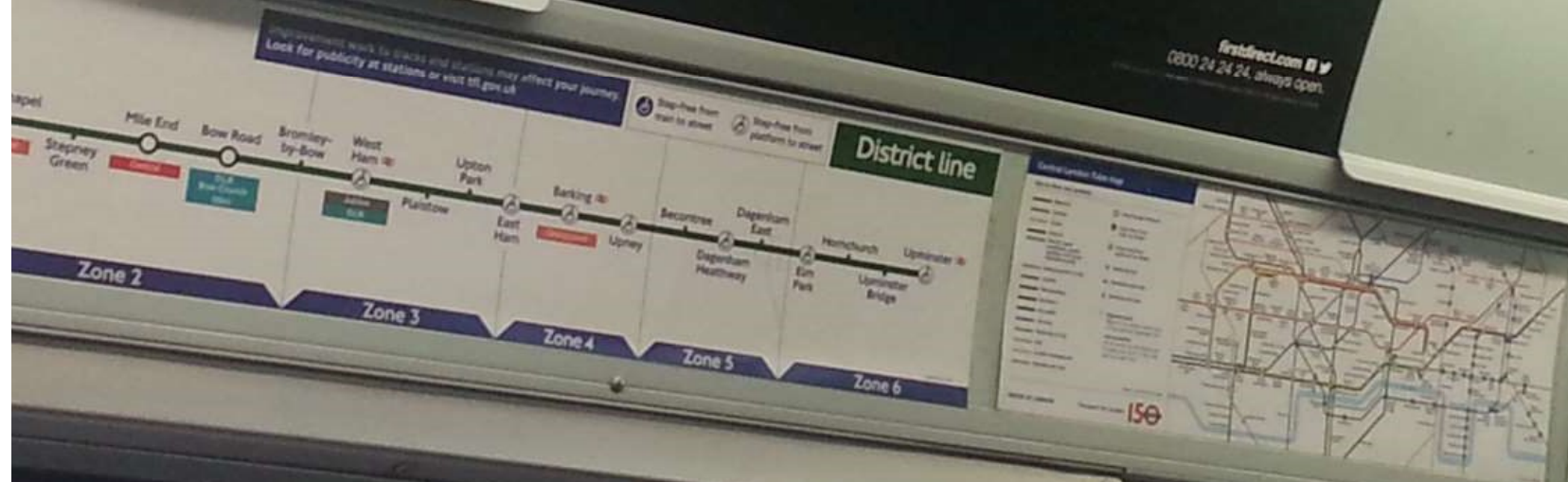
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The Brand Spirit (Y&R)





Case study

Swatch

1. What kind of watches were popular before the arrival of the Swatch? How did customers make purchase decisions?
2. How was the Swatch brand positioned and how was that positioning achieved?
3. What did Swatch achieve exactly within the watch industry? What was the formula to the success of the brand?